



Interfaith
Outreach
Home

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Interfaith Outreach Home, Inc.

(A Non-Profit Organization - Doraville, Georgia)

Audit Report

Year Ending December 31, 2019 and 2018



Hostetter & Cowan, LLC

Certified Public Accountants

Interfaith Outreach Home, Inc.
(A Non-Profit Organization – Doraville, Georgia)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Interfaith Outreach Homes, Inc.

We have audited the accompanying financial statements of Interfaith Outreach Home, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Outreach Home, Inc. as of December 31, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hastetter & Coenen LLC

Atlanta, Georgia
October 16, 2020

Interfaith Outreach Home, Inc.

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 406,466	\$ 392,303
Accounts Receivable (Net)	16,596	16,136
Loan Receivable	302,250	
Other Current Assets		
Total Current Assets	<u>725,312</u>	<u>408,439</u>
Property and Equipment		
Property and Equipment	520,272	520,272
Accumulated Depreciation	<u>-483,706</u>	<u>-470,348</u>
Total Property and Equipment	<u>36,566</u>	<u>49,924</u>
Other Assets		
Investments	<u>6,127</u>	<u>119,464</u>
Total Other Assets	<u>6,127</u>	<u>119,464</u>
TOTAL ASSETS	<u><u>768,005</u></u>	<u><u>577,827</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	<u>17,093</u>	<u>4,629</u>
Total Liabilities	<u>17,093</u>	<u>4,629</u>
Equity		
Unrestricted Net Assets	750,912	573,198
Temporarily Restricted Net Assets	<u>0</u>	<u>0</u>
Total Net Assets	<u>750,912</u>	<u>573,198</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 768,005</u></u>	<u><u>\$ 577,827</u></u>

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Activities
Years Ended December 31, 2019 and 2018

	2019			2018		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support, revenue and reclassifications						
Contributions	\$ 276,780	\$ 0	\$ 276,780	\$ 243,026	\$ 0	\$ 243,026
Non-Governmental grants	106,550		106,550	127,675		127,675
Resident Fees	32,380		32,380	20,439		20,439
Investment Income	21,900		21,900	-3,894		-3,894
Miscellaneous	6,925		6,925	22,205		22,205
Special Events						
Income	40,250		40,250	43,726		43,726
Less Expenses	-1,551		-1,551	-11,486		-11,486
Total Public Support, Revenue and Reclassifications	<u>483,234</u>	<u>0</u>	<u>483,234</u>	<u>441,691</u>	<u>0</u>	<u>441,691</u>
Expense			0			0
Program Expenses	209,304	0	209,304	197,308	0	197,308
Administrative Expenses	78,072		78,072	62,796		62,796
Fundraising Expenses	18,144		18,144	23,463		23,463
Total Expenses	<u>305,520</u>	<u>0</u>	<u>305,520</u>	<u>283,567</u>	<u>0</u>	<u>283,567</u>
Increase (decrease) in Net Assets	177,714	0	177,714	158,124	0	158,124
Net Assets, beginning of year	<u>573,198</u>	<u>0</u>	<u>573,198</u>	<u>415,074</u>	<u>0</u>	<u>415,074</u>
Net Assets, end of year	<u>\$ 750,912</u>	<u>\$ 0</u>	<u>\$ 750,912</u>	<u>\$ 573,198</u>	<u>\$ 0</u>	<u>\$ 573,198</u>

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Functional Expenses
Years Ended December 31, 2019 and 2018

	2019				2018			
	Program Expense	Administrative Expense	Fundraising Expense	Total Expense	Program Expense	Administrative Expense	Fundraising Expense	Total Expense
Compensation and Benefits								
Salaries & related expenses	\$ 90,270	\$ 29,752	\$ 14,951	\$ 134,973	84,784	33,863	19,719	\$ 138,366
Retirement plan contributions	2,775	750	225	3,750	2,025	750	225	3,000
Payroll taxes	7,043	2,813	1,638	11,494	7,247	2,894	1,685	11,826
Total Compensation and benefits	<u>100,088</u>	<u>33,315</u>	<u>16,814</u>	<u>150,217</u>	<u>94,056</u>	<u>37,507</u>	<u>21,629</u>	<u>153,192</u>
Other Expense								
Legal and Accounting		18,157		18,157		6,504		6,504
Advertising and promotion	1,371		109	1,480	1,723		329	2,052
Conferences & meetings		5		5	180			180
Contract labor	692			692	1,046			1,046
Depreciation	12,022	1,336		13,358	17,360	1,929		19,289
Dues and subscriptions	4,000	444		4,444	2,510	288		2,798
Facilities expense	73,528	4,654		78,182	66,172	5,949		72,121
Information Technology	41	813		854	197	3,875		4,072
Insurance	4,405	9,395	585	14,385	8,107	2,942	607	11,656
Investment expenses		110		110		110		110
Miscellaneous	4,502	237		4,739	286	134		420
Office expense	4,874	7,959	636	13,469	2,252	1,989	898	5,139
Printing & publications	319	756		1,075	412	795		1,207
Taxes and Licenses	80			80	80			80
Telecommunications	3,382	891		4,273	2,927	774		3,701
Total other expenses	<u>109,216</u>	<u>44,757</u>	<u>1,330</u>	<u>155,303</u>	<u>103,252</u>	<u>25,289</u>	<u>1,834</u>	<u>130,375</u>
Total Functional expenses	<u>\$ 209,304</u>	<u>\$ 78,072</u>	<u>\$ 18,144</u>	<u>\$ 305,520</u>	<u>\$ 197,308</u>	<u>\$ 62,796</u>	<u>\$ 23,463</u>	<u>\$ 283,567</u>

The accompanying notes are an integral part of these statements.

Interfaith Outreach Home, Inc.
Statement of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities	\$ 177,714	\$ 158,124
Increases(decrease) in net assets		
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used) in operating activities:		
Depreciation expense	13,358	19,289
Net unrealized(gain)loss on investments	93	14,982
(Increase) decrease in :		
Accounts receivable	-460	-15,836
Loans receivable	-302,250	
Increase (Decrease) in:		
Accounts payable	<u>12,464</u>	<u>-975</u>
 Total Adjustments	 <u>-276,795</u>	 <u>17,460</u>
 Net cash provided by (used) in operating activities	 <u>-99,081</u>	 <u>175,584</u>
 Cash flows from investing activities		
Payments for the purchase of property and equipment		-3,079
Purchase of investments	-20,728	-10,159
Proceeds on sale of investments	<u>133,972</u>	<u></u>
 Net cash provided by (used in) investing activities	 <u>113,244</u>	 <u>-13,238</u>
 Net increase (decrease) in cash and cash equivalents	 14,163	 162,346
Cash and cash equivalents, beginning of the year	<u>392,303</u>	<u>229,957</u>
 Cash and cash equivalents, end of the year	 <u>\$ 406,466</u>	 <u>\$ 392,303</u>

Interfaith Outreach Home, Inc.

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

This summary of significant policies of Interfaith Outreach Homes, Inc, (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of these financial statements.

NATURE OF ACTIVITIES

The Organization is a nonprofit organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. The Organization provides transitional housing, counseling and other assistance to homeless families in Doraville, Georgia. The Organization is supported by contributions from individuals and foundations, grants from federal, state and local agencies and program fees paid by residents. Its operations began in 1992. The Organization is governed by a volunteer board of directors.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less.

INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change of net assets.

Note 1 - Summary of Significant Accounting Policies continued

PROPERTY AND EQUIPMENT

Property and equipment with a cost greater than \$1,000.00 is recorded at cost or at estimated fair value at the date of the gift. Minor additions and renewals are recorded as expenses in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using straight-line methods. Estimated useful lives are as follows:

Leasehold improvements	15 - 27.5 years
Furniture and equipment	5 - 7 years

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

DONATED EQUIPMENT AND SERVICES

Donated furniture and equipment is recorded at estimated fair value at date of receipt. Such donations are reported as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization did not receive any donated equipment or services during 2019 or 2018.

The Organization also provides a food pantry and school supplies for the residents. The items are donated to the Organization by churches and other groups. The value of these items are not material to the financial statements, but these items provide significant assistance in helping these families become self-sufficient.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, building maintenance, campaign solicitations and various committee assignments without compensation. During the years ended December 31, 2018 over 5,200 hours and in 2017 over 4,800 hours of services were contributed by volunteers. The financial statements do not reflect the value of these contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

Note 1 - Summary of Significant Accounting Policies continued

INCOME TAXES

The Organization is exempt from federal and state income tax under the provisions of Section 501 (c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2016, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

ADVERTISING COSTS

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

COMPENSATED ABSENCES

It is the Organization's policy to permit employees to accumulate earned but unused paid days off benefits. No liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All paid days off are accrued when incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of the Organization's programs and supporting services have been on a functional basis, requiring the allocation of certain costs based on estimates made by management.

Note 2 – Investments

Investments in debt securities and equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets (all level 1 measurements).

The Organization's investments as of December 31, 2019, consisted of equity stocks and other securities as follows:

Investments Carried at Fair Value	<u>Fair Value</u>	<u>Cost</u>	<u>Gain (Loss)</u>
Cash	\$ 2,332	\$ 2,332	\$ 0
Mutual Funds	82,091	82,023	68
Equities	<u>2,008</u>	<u>2,169</u>	<u>-161</u>
Total Investments	\$ <u>86,431</u>	\$ <u>86,524</u>	\$ <u>-93</u>

The Organization's investments as of December 31, 2018, consisted of equity stocks and other securities as follows:

Investments Carried at Fair Value	<u>Fair Value</u>	<u>Cost</u>	<u>Gain (Loss)</u>
Cash	\$ 3,233	\$ 3,233	\$ 0
Mutual Funds	348,679	368,104	-19,425
Equities	<u>8,758</u>	<u>9,124</u>	<u>-366</u>
Total Investments	\$ <u>360,670</u>	\$ <u>380,461</u>	\$ <u>-19,791</u>

Investments are recorded on the statement of financial position as follows:

	<u>2019</u>	<u>2018</u>
Included in Cash and Cash Equivalents - Current	\$ 80,304	\$ 241,206
Investments - Non-current	<u>6,127</u>	<u>119,464</u>
Total Investments	\$ <u>86,431</u>	\$ <u>360,670</u>

The following schedule summarizes the investment return in the statement of activities:

	<u>2019</u>	<u>2018</u>
Interest	\$ 11	\$ 107
Dividends	6,218	4,371
Realized Gains (Losses)	13,507	6,622
Unrealized Gains (Losses)	<u>-86</u>	<u>-14,994</u>
Total Investment Income (Loss)	\$ <u>19,650</u>	\$ <u>-3,894</u>

Investment fees of \$110 and \$80 are included in administrative expenses on the Statement of Activities for the year ended December 31, 2019 and December 31, 2018.

Note 3 – Property and Equipment

Property and equipment owned is summarized as follows:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 58,760	\$ 58,760
Furniture and Fixtures	19,895	19,895
Leasehold Improvements	441,617	441,617
Less: Accumulated Depreciation	<u>-483,706</u>	<u>-470,348</u>
	<u>\$ 36,566</u>	<u>\$ 49,924</u>

Depreciation expense was \$ 13,358 and \$19,289 for the year ended December 31, 2019 and 2018 respectively.

Note 4 – Residents Savings Accounts

The Organization's Transitional Housing program requires the participants to set aside a designated amount each month to establish a pattern of saving and to provide an emergency fund when the participant graduates from the program. For participants who are unable to open a savings account at a local bank, the deposits are maintained by the Organization. For 2019 and 2018 the program held no accounts for residents.

Note 5 – Temporarily Restricted Net Assets

The Organization had no temporarily restricted assets for 2019 and 2018.

Note 6 – Net Assets Released from Restrictions

The Organization had no net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purposes for 2019 or 2018.

Note 7 – Pension Plan

During the years ended December 31, 2019 and 2018, the Organization participated in an elective 403 (b) plan. Employees are eligible to participate in elective deferrals upon hire. The Organization will match up to a maximum of \$1,500.00 for those employees that have been employed by the Organization for at least one year. The Organization contributed \$3,000 and \$3,000 to the plan during the years ended December 31, 2019 and 2018 respectively.

Note 8 - Leases

The Organization had previously entered into a lease of the land on which its facilities were located which was due to expire in August of 2030. During the current year, the land lease was terminated due to the property being sold to a new owner. Rent expense under the terminated lease for the year ended December 31, 2019 and 2018 was \$19,909.94 and \$27,141 respectively.

The Organization entered into a new lease of the land on which its facilities are located under a ten-year land lease that expires in September 2029. The land lease may be terminated by lessor after December 31, 2020, with six months' notice. The rent is \$1,000.00 per month. Rent expense for the year ended December 31, 2019 is \$3,000.

The minimum lease payments required under the above operating lease at December 31, 2019 is as follows:

2020	\$	12,000
2021		12,000
2022		12,000
2023		12,000
Thereafter		<u>69,000</u>
	\$	<u>117,000</u>

Note 9 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditure which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

Note 10 – Restitution Payments

During the year ended December 31, 2015, the case against the former Executive Director who misappropriated approximately \$90,000.00 of the Organization's assets between 2007 – 2010 was settled. He pled guilty to felony theft by taking and was sentenced to pay \$70,000.00 in restitution over a ten-year period. Because the collectability of the restitution payments cannot be reasonably estimated, the Organization records income as payments are received. During the year ended December 31, 2019 and 2018 payments were received of \$6,925 and \$22,205 respectively which are included in miscellaneous income on the Statement of Activities.

Note 11 – Subsequent Events

Management has evaluated subsequent events through October 16, 2020, the date the financial statements were available to be issued.