

**INTERFAITH SANCTUARY  
HOUSING SERVICES INC.  
(a nonprofit organization)**

**FINANCIAL STATEMENTS**

**For the 18 Months Ended  
June 30, 2015 and the  
Year Ended December 31, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Interfaith Sanctuary Housing Services Inc.  
Boise, Idaho

We have audited the accompanying financial statements of Interfaith Sanctuary Housing Services Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and December 31, 2013, and the related statements of activities, functional expenses and cash flows for the 18-months ended June 30, 2015 and the year ended December 31, 2013, 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 audit. We conducted our audit 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 of 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 Sanctuary Housing Services Inc. as of June 30, 2015 and December 31, 2013, and the changes in its net assets and its cash flows for the 18-months ended June 30, 2015 and the year ended December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

*Harris & Co. PLLC*

Meridian, Idaho  
September 25, 2015

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2015 and December 31, 2013**

	<u>2015</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 373,203	\$ 384,657
Grants receivable	20,474	49,736
Other receivables	1,320	18,963
Prepaid expenses	4,085	0
Property and Equipment, net	<u>1,286,813</u>	<u>1,142,554</u>
 Total Assets	 1,685,895	 1,596,160
<b>LIABILITIES</b>		
Accounts payable	15,141	56,883
Accrued expenses	22,690	76,144
Notes payable	<u>703,400</u>	<u>766,500</u>
 Total Liabilities	 741,231	 899,527
<b>NET ASSETS</b>		
Unrestricted	941,264	686,633
Temporarily restricted	<u>3,400</u>	<u>10,000</u>
 Total Net Assets	 <u>944,664</u>	 <u>696,633</u>
 Total Liabilities and Net Assets	 <u>\$ 1,685,895</u>	 <u>\$ 1,596,160</u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENT OF ACTIVITIES**

**For the 18-Months Ended June 30, 2015 and the  
Year Ended December 31, 2013**

	<u>2015</u>	<u>2013</u>
<b>REVENUE AND OTHER SUPPORT</b>		
Contributions	\$ 685,348	\$ 389,181
Federal grants	208,126	82,382
Non-federal grants	192,918	114,509
In-kind contributions	<u>10,374</u>	<u>94,906</u>
	1,096,766	680,978
Net assets released from restrictions	<u>40,000</u>	<u>11,000</u>
Total Revenue and Other Support	1,136,766	691,978
<b>EXPENSES</b>		
Program services		
Operations	463,657	302,695
Support services	<u>172,147</u>	<u>85,669</u>
Total Program Services	635,804	388,364
Support services		
Fundraising	92,983	67,628
General and administrative	<u>125,420</u>	<u>67,024</u>
Total Support Services	<u>218,403</u>	<u>134,652</u>
Total Expenses	<u>854,207</u>	<u>523,016</u>
<b>OPERATING INCOME</b>	282,559	168,962
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	598	274
Interest expense	<u>(28,526)</u>	<u>(19,000)</u>
Total Other Income (Expense)	<u>(27,928)</u>	<u>(18,726)</u>
Change in net assets - Unrestricted	254,631	150,236
<b>NET ASSETS – UNRESTRICTED, Beginning of Period</b>	<u>686,633</u>	<u>536,397</u>
<b>NET ASSETS - UNRESTRICTED, End of Period</b>	<u>\$ 941,264</u>	<u>\$ 686,633</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Non-federal grants	\$ 33,400	\$ 10,000
Net assets release from restrictions	<u>(40,000)</u>	<u>(11,000)</u>
Change in net assets – Temporarily restricted	(6,600)	(1,000)
<b>NET ASSETS – TEMPORARILY RESTRICTED, Beginning of Period</b>	<u>10,000</u>	<u>11,000</u>
<b>NET ASSETS – TEMPORARILY RESTRICTED, End of Period</b>	<u>\$ 3,400</u>	<u>\$ 10,000</u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**18-Months Ended June 30, 2015**

	<u>Program Services</u>			<u>Support Services</u>			<u>Combined Total</u>
	<u>Operations</u>	<u>Supportive Services</u>	<u>Total</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>Total</u>	
OPERATING EXPENSES							
Wages and benefits	\$ 268,255	\$ 126,845	\$ 395,100	\$ 31,313	\$ 88,457	\$ 119,770	\$ 514,870
Depreciation	50,524	5,683	56,207		666	666	56,873
Contracted Services	20,639		20,639	25,200		25,200	45,839
Utilities	41,563		41,563				41,563
Resident Rehabilitation		39,619	39,619				39,619
Supplies	27,916		27,916				27,916
Client Services	24,147		24,147				24,147
Building Maintenance	19,326		19,326				19,326
Event Expenses				17,753		17,753	17,753
Printing & Postage				11,319	604	11,923	11,923
Insurance	11,287		11,287				11,287
In-kind expense					10,374	10,374	10,374
Rent and Internet					9,780	9,780	9,780
Supplies				7,398	3,941	11,339	11,339
Professional Fees					5,000	5,000	5,000
Travel and Meetings					2,805	2,805	2,805
Bank Fees					1,812	1,812	1,812
Volunteer Appreciation					1,101	1,101	1,101
Misc Expenses					590	590	590
Memberships					290	290	290
	<u>463,657</u>	<u>172,147</u>	<u>635,804</u>	<u>92,983</u>	<u>125,420</u>	<u>218,403</u>	<u>854,207</u>
OTHER EXPENSES							
Interest					28,526	28,526	28,526
<b>TOTAL EXPENSES</b>	<u><u>\$ 463,657</u></u>	<u><u>\$ 172,147</u></u>	<u><u>\$ 635,804</u></u>	<u><u>\$ 92,983</u></u>	<u><u>\$ 153,946</u></u>	<u><u>\$ 246,929</u></u>	<u><u>\$ 882,733</u></u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2013**

	<u>Program Services</u>			<u>Support Services</u>			<u>Combined Total</u>
	<u>Operations</u>	<u>Supportive Services</u>	<u>Total</u>	<u>Fundraising</u>	<u>General and administrative</u>	<u>Total</u>	
OPERATING EXPENSES							
Wages and benefits	\$ 159,817	\$ 55,523	\$ 215,340	\$ 36,082	\$ 51,219	\$ 87,301	302,641
In-kind expense	39,829		39,829				39,829
Depreciation	26,966	2,624	29,590		560	560	30,150
Resident Rehabilitation		27,522	27,522				27,522
Supplies	24,001		24,001				24,001
Utilities	22,851		22,851				22,851
Event Expenses				16,971		16,971	16,971
Client Services	13,731		13,731				13,731
Printing & Postage				9,208	1,265	10,473	10,473
Building Maintenance	8,467		8,467				8,467
Insurance	7,033		7,033				7,033
Professional Fees					5,000	5,000	5,000
Rent				2,017	2,460	4,477	4,477
Supplies				3,350	1,059	4,409	4,409
Travel and Meetings					3,310	3,310	3,310
Volunteer Appreciation					1,266	1,266	1,266
Bank Fees					571	571	571
Memberships					274	274	274
Misc Expenses					40	40	40
	<u>302,695</u>	<u>85,669</u>	<u>388,364</u>	<u>67,628</u>	<u>67,024</u>	<u>134,652</u>	<u>523,016</u>
OTHER EXPENSES							
Interest					19,000	19,000	19,000
TOTAL EXPENSES	<u>\$ 302,695</u>	<u>\$ 85,669</u>	<u>\$ 388,364</u>	<u>\$ 67,628</u>	<u>\$ 86,024</u>	<u>\$ 153,652</u>	<u>\$ 542,016</u>

See notes to the financial statements.



**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENTS OF CASH FLOWS**

**For the 18-Months Ended June 30, 2015 and the  
Year Ended December 31, 2013**

	<u>2015</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 248,031	\$ 149,236
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,873	30,150
Donated improvements included in contributions	0	(55,077)
Forgiven accrued interest included in contributions	(52,331)	0
Changes in operating assets and liabilities:		
Grants receivable	29,262	(12,751)
Other receivables	17,643	80,457
Prepaid expenses	(3,835)	0
Accounts payable	(41,742)	52,201
Accrued expenses	<u>(1,123)</u>	<u>23,970</u>
Net Cash Provided by Operating Activities	252,778	268,186
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(201,132)	(74,158)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on debt	<u>(63,100)</u>	<u>(5,500)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,454)	188,528
CASH AND CASH EQUIVALENTS, Beginning of Period	<u>384,657</u>	<u>196,129</u>
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 373,203</u>	<u>\$ 384,657</u>

See notes to the financial statements.

# INTERFAITH SANCTUARY HOUSING SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015 and December 31, 2013

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Business Activity*

Interfaith Sanctuary Housing Services (the Organization) was incorporated under the laws of the State of Idaho on June 20, 2007. The Organization is a collaboration of people of faith and people of conscience who have joined together to shelter and serve families and individuals who are experiencing homelessness.

The Organization switched its year end to a fiscal year end ending June 30. The 2015 balances represent 18 months of activity.

#### *Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### *Display of Net Assets*

The Organization has provided the disclosure and display requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic ASC 958-210-50-3 (previously Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations). Accordingly, the net assets of the Organization are reported in unrestricted and temporarily restricted net assets.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

#### *Cash and Cash Equivalents*

Cash includes cash on hand as well as checking accounts with financial institutions. The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**June 30, 2015 and December 31, 2013**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Grants and Other Receivable*

Grants receivable consists of federal grants awarded for various reimbursement grants administered through the City of Boise and the Idaho Housing and Finance Association. Receivable balances consist of grant eligible expenses requested after year end but earned in the current year. Other receivables consist of fundraising receivables and other activity.

*Contributed Support*

The Organization recognizes all contributed support received as income in the period received. Contributed support is reported as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization records various types of in-kind support including equipment, professional services, advertising and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or additions to property and equipment.

Additionally, the Organization receives a significant amount of skilled, contributed time which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

*In-kind Donations*

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the periods ended June 30, 2015 and December 31, 2013, donated noncash assets were valued at \$10,374 and \$39,829, respectively.

# INTERFAITH SANCTUARY HOUSING SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2015 and December 31, 2013

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Significant Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Concentration of Credit Risk*

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and temporary cash investments. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per institution. At June 30, 2015, the Organization's uninsured balances totaled \$126,087. At December 31, 2013, the Organization's uninsured balances totaled \$11,755.

#### *Advertising Costs*

Advertising costs are charged to operations in the year incurred. The Organization incurred \$11,319 and \$9,208 in advertising expenses for the periods ended June 30, 2015 and December 31, 2013.

#### *Property and Equipment*

Property and equipment are recorded at cost, except donated assets, which are recorded at fair market value at the date of donation and recorded as contribution revenue in the period received. Depreciation is computed using a straight-line method over the estimated useful lives less salvage value of the depreciable assets, which ranges from 5 to 40 years. Expenditures for maintenance and repairs are charged to expense as incurred. The Organization has adopted a capitalization policy of \$500.

#### *Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code section 501(c)(3) and comparable state law. Accordingly, no provision for income taxes has been made in the financial statements.

# INTERFAITH SANCTUARY HOUSING SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2015 and December 31, 2013

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Uncertain Tax Positions*

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the periods ended June 30, 2015 and December 31, 2013.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2011.

#### *Functional Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the programs and support services benefited based on management's estimate of employee hours devoted to each function.

#### *Subsequent Events*

The Organization has evaluated subsequent events through September 25, 2015 the date which the financial statements were available to be issued.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**June 30, 2015 and December 31, 2013**

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2015 and December 31, 2013 was as follows:

	<u>2015</u>	<u>2013</u>
Land	\$ 352,700	\$ 352,700
Building	447,300	447,300
Building improvements	634,039	371,634
Equipment	34,427	21,542
Beds and other fixtures	59,470	59,470
Construction in process	<u>0</u>	<u>74,158</u>
	1,527,936	1,326,804
Accumulated depreciation	<u>(241,123)</u>	<u>(184,250)</u>
Property and equipment, net	<u>\$ 1,286,813</u>	<u>\$ 1,142,554</u>

For the periods ended June 30, 2015 and December 31, 2013, the Organization recognized \$56,873 and \$30,150 in depreciation expense, respectively. Depreciation expense is included in Operations, Support Services, and General and Administrative expense in the Statement of Activities.

**NOTE C - COMPENSATED ABSENCES**

The Organization accrues paid time off (PTO). Eligible employees are allowed to accumulate 85 hours beyond the fiscal year end. Unpaid PTO balances as of June 30, 2015 and December 31, 2013 were \$9,406 and \$9,966, respectively.

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2015, temporarily restricted net assets consist of donations made for the Organization to support the Organization's music program in the amount of \$3,400. At December 31, 2013, amounts temporarily restricted for a bathroom remodel project were \$10,000.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**June 30, 2015 and December 31, 2013**

**NOTE E - NOTES PAYABLE**

Notes payable at June 30, 2015 and December 31, 2013 consist of the following:

	<u>2015</u>	<u>2013</u>
<p>Note payable to the Idaho Housing and Finance Association was due in full September 1, 2012 and is past due. As of September 1, 2012, the interest rate increased to a fixed rate of four percent (4%) until the note is paid in full. All accrued interest has been forgiven by the Association and recognized as unrestricted contributions in the current period. The Association does not consider the note defaulted. The note is secured by the building.</p>	\$ 475,000	\$ 475,000
<p>Note payable to the Roman Catholic Diocese of Idaho with principal only payments due monthly of \$700 through June 30, 2016. Principal payments are due to increase \$100 per month each July 1 until the amount reaches \$1,500 in July 2023. The note is due in full in October 2033. The loan bears no interest and all accrued interest has been forgiven by the Diocese. Interest is accrued at a fair market rate and is subsequently recognized as unrestricted contributions in the current period. The note is secured by a second deed in trust on the building.</p>	<u>228,400</u>	<u>291,500</u>
Total Notes Payable	<u>\$ 703,400</u>	<u>\$ 766,500</u>
<p>Future maturities for the years ended June 30,</p>		
2016	\$ 484,600	
2017	10,800	
2018	12,000	
2019	13,200	
2020	14,400	
Thereafter	<u>168,400</u>	
	<u>\$ 703,400</u>	

During the period ended June 30, 2015, the Organization was awarded a Challenge grant from the Roman Catholic Diocese of \$50,000. The funds received were used to reduce the amount of the note payable held by the Roman Catholic Diocese.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**June 30, 2015 and December 31, 2013**

**NOTE F - CONCENTRATIONS**

During the period ended June 30, 2015, the Organization received 13.4% of total revenue from one grantor. This amount was a single year grant and is not anticipated to be received in future years.