

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

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2016  
and the 18 Months Ended June 30, 2015**

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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, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2016 and 18-months ended June 30, 2015, 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, 2016 and 2015, and the changes in its net assets and its cash flows for the year ended June 30, 2016 and 18-months ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

*Harris & Co. PLLC*

Meridian, Idaho  
November 10, 2016

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 344,332	\$ 373,203
Grants receivable	0	20,474
Other receivables	0	1,320
Prepaid expenses	1,557	4,085
Property and equipment, net	<u>1,298,279</u>	<u>1,286,813</u>
 Total Assets	 1,644,168	 1,685,895
<b>LIABILITIES</b>		
Accounts payable	2,477	15,141
Accrued expenses	31,531	22,690
Notes payable	<u>693,800</u>	<u>703,400</u>
 Total Liabilities	 727,808	 741,231
<b>NET ASSETS</b>		
Unrestricted	916,360	941,264
Temporarily restricted	<u>0</u>	<u>3,400</u>
 Total Net Assets	 <u>916,360</u>	 <u>944,664</u>
 Total Liabilities and Net Assets	 <u>\$ 1,644,168</u>	 <u>\$ 1,685,895</u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENTS OF ACTIVITIES**

**For the Year Ended June 30, 2016 and 18-Months Ended June 30, 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUE AND OTHER SUPPORT</b>		
Contributions	\$ 593,546	\$ 685,348
Federal grants	37,896	208,126
Non-federal grants	208,743	192,918
In-kind contributions	<u>4,980</u>	<u>10,374</u>
	845,165	1,096,766
Net assets released from restrictions	<u>3,400</u>	<u>40,000</u>
Total Revenue and Other Support	848,565	1,136,766
<b>EXPENSES</b>		
Program services		
Operations	339,652	463,657
Support services	<u>210,524</u>	<u>172,147</u>
Total Program Services	550,176	635,804
Support services		
Fundraising	224,962	92,983
General and administrative	<u>98,788</u>	<u>125,420</u>
Total Support Services	<u>323,750</u>	<u>218,403</u>
Total Expenses	<u>873,926</u>	<u>854,207</u>
<b>OPERATING INCOME (LOSS)</b>	(25,361)	282,559
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	457	598
Interest expense	<u>0</u>	<u>(28,526)</u>
Total Other Income (Expense)	<u>457</u>	<u>(27,928)</u>
Change in net assets - Unrestricted	(24,904)	254,631
<b>NET ASSETS – UNRESTRICTED, Beginning of Period</b>	<u>941,264</u>	<u>686,633</u>
<b>NET ASSETS - UNRESTRICTED, End of Period</b>	<u>\$ 916,360</u>	<u>\$ 941,264</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Non-federal grants	\$ 0	\$ 33,400
Net assets release from restrictions	<u>(3,400)</u>	<u>(40,000)</u>
Change in net assets – Temporarily restricted	(3,400)	(6,600)
<b>NET ASSETS – TEMPORARILY RESTRICTED, Beginning of Period</b>	<u>3,400</u>	<u>10,000</u>
<b>NET ASSETS – TEMPORARILY RESTRICTED, End of Period</b>	<u>\$ 0</u>	<u>\$ 3,400</u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2016**

	Program Services			Support Services			Combined Total
	Operations	Supportive Services	Total	Fundraising	General and administrative	Total	
OPERATING EXPENSES							
Wages, Benefits, Taxes	\$ 129,591	\$ 190,335	\$ 319,926	\$ 91,273	\$ 54,835	\$ 146,108	\$ 466,034
Depreciation	38,853	4,040	42,893		910	910	43,803
Contracted Services	16,020	535	16,555	17,400	10,000	27,400	43,955
Utilities	23,893	512	24,405		1,254	1,254	25,659
Supportive Services	33,397	3,627	37,024				37,024
Nonpersonal Expenses	27,968	6,069	34,037	12,509	12,656	25,165	59,202
Rent		147	147	1,775	9,566	11,341	11,488
Advertising/Marketing Expenses					1,425	1,425	1,425
Processing Fees					1,384	1,384	1,384
Insurance	5,457		5,457				5,457
Equipment Rentals	16,713		16,713				16,713
Special Events - Direct Costs			0	102,005		102,005	102,005
Client Specific Expenses	35,049	267	35,316		88	88	35,404
Professional Development	508	90	598		1,746	1,746	2,344
Travel and Meetings	6,363	4,255	10,618		2,242	2,242	12,860
Bank Fees					20	20	20
Staff/Donor/Volunteer App.	114		114		1,157	1,157	1,271
Grants to Others	1,279		1,279				1,279
Misc Expenses	4,447	647	5,094		1,250	1,250	6,344
Memberships					255	255	255
	<u>339,652</u>	<u>210,524</u>	<u>550,176</u>	<u>224,962</u>	<u>98,788</u>	<u>323,750</u>	<u>873,926</u>
OTHER EXPENSES							
Interest							
TOTAL EXPENSES	<u>\$ 339,652</u>	<u>\$ 210,524</u>	<u>\$ 550,176</u>	<u>\$ 224,962</u>	<u>\$ 98,788</u>	<u>\$ 323,750</u>	<u>\$ 873,926</u>

See notes to the financial statements.

## INTERFAITH SANCTUARY HOUSING SERVICES INC.

### STATEMENT OF FUNCTIONAL EXPENSES

For the 18 Months Ended June 30, 2015

	Program Services			Support Services			Combined Total
	Operations	Supportive Services	Total	Fundraising	General and administrative	Total	
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
Benefits					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
TOTAL EXPENSES	<u>\$ 463,657</u>	<u>\$ 172,147</u>	<u>\$ 635,804</u>	<u>\$ 92,983</u>	<u>\$ 153,946</u>	<u>\$ 246,929</u>	<u>\$ 882,733</u>

See notes to the financial statements.



**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

**STATEMENTS OF CASH FLOWS**

**For the Year Ended June 30, 2016 and 18-Months Ended June 30, 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (28,304)	\$ 248,031
Adjustments to reconcile change in net assets provided by operating activities:		
Depreciation	43,803	56,873
Forgiven accrued interest included in contributions	0	(52,331)
Changes in operating assets and liabilities:		
Grants receivable	20,474	29,262
Other receivables	1,320	17,643
Prepaid expenses	2,528	(3,835)
Accounts payable	(12,664)	(41,742)
Accrued payroll	(1,453)	0
Accrued expenses	<u>10,294</u>	<u>(1,123)</u>
Net Cash Provided by Operating Activities	35,998	252,778
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(55,269)	(201,132)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on debt	<u>(9,600)</u>	<u>(63,100)</u>
Net Decrease in Cash and Cash Equivalents	(28,871)	(11,454)
CASH AND CASH EQUIVALENTS, Beginning of Period	<u>373,203</u>	<u>384,657</u>
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 344,332</u>	<u>\$ 373,203</u>

See notes to the financial statements.

# INTERFAITH SANCTUARY HOUSING SERVICES INC.

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

### 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, 2016 and 2015**

**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, 2016 and 2015, donated noncash assets were valued at \$4,980 and \$10,374, respectively.

## INTERFAITH SANCTUARY HOUSING SERVICES INC.

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

June 30, 2016 and 2015

#### 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, 2016 and 2015, the Organization's uninsured balances totaled \$103,332 and \$126,087, respectively.

##### *Advertising Costs*

Advertising costs are charged to operations in the year incurred. The Organization incurred \$9,181 and \$11,319 in advertising expenses for the periods ended June 30, 2016 and 2015, respectively.

##### *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, 2016 and 2015**

**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, 2016 and 2015.

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 2012.

*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 November 10, 2016 the date which the financial statements were available to be issued.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

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

**June 30, 2016 and 2015**

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment at June 30 was as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 352,700	\$ 352,700
Building	447,300	447,300
Building improvements	649,199	634,039
Equipment	74,257	34,427
Beds and other fixtures	<u>59,749</u>	<u>59,470</u>
	1,583,205	1,527,936
Accumulated depreciation	<u>(284,926)</u>	<u>(241,123)</u>
Property and equipment, net	<u>\$ 1,298,279</u>	<u>\$ 1,286,813</u>

For the periods ended June 30, 2016 and 2015, the Organization recognized \$43,803 and \$56,873 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, 2016 and 2015 were \$15,484 and \$9,406, respectively.

**NOTE D - TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2015, amounts temporarily restricted to support the Organization's music program were \$3,400. There were no temporarily restricted amounts for 2016.

**INTERFAITH SANCTUARY HOUSING SERVICES INC.**

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

**June 30, 2016 and 2015**

**NOTE E - NOTES PAYABLE**

Notes payable at June 30 consist of the following:

	<u>2016</u>	<u>2015</u>
Note payable to the Idaho Housing and Finance Association was due in full September 1, 2012 and is past due. The note bears no interest and is secured by the building. The Association does not consider the note defaulted.	\$ 475,000	\$ 475,000
Note payable to the Roman Catholic Diocese of Idaho with principal only payments due monthly of \$900 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. The note is secured by a second deed in trust on the building.	<u>218,800</u>	<u>228,400</u>
Total Notes Payable	<u>\$ 693,800</u>	<u>\$ 703,400</u>
Future maturities for the years ended June 30,		
2017	\$ 485,800	
2018	12,000	
2019	13,200	
2020	14,400	
2021	15,600	
Thereafter	<u>152,800</u>	
	<u>\$ 693,800</u>	

During the period ended June 30, 2016, 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.

**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.