

Financial Statements

Interfaith Sanctuary Housing Services, Inc.
(a nonprofit organization)
Years Ended June 30, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Interfaith Sanctuary Housing Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year ended June 30, 2018, 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.

Auditors' 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, 2018, and the changes in its net assets and its cash flows for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Interfaith Sanctuary Housing Services, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
January 10, 2019



INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018
With Comparative Totals as of June 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Assets		
Cash and equivalents	\$ 429,209	\$ 327,272
Grants receivable	15,000	
Prepaid expenses	11,278	3,388
Security deposits	2,608	1,950
Property and equipment, net	<u>1,235,608</u>	<u>1,272,329</u>
Total Assets	<u>\$ 1,693,703</u>	<u>\$ 1,604,939</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,525	\$ 2,379
Accrued expenses	71,036	40,419
Notes payable	<u>670,000</u>	<u>683,000</u>
Total Liabilities	744,561	725,798
Net Assets		
Unrestricted	831,975	819,535
Temporarily restricted	<u>117,167</u>	<u>59,606</u>
Total Net Assets	<u>949,142</u>	<u>879,141</u>
Total Liabilities and Net Assets	<u>\$ 1,693,703</u>	<u>\$ 1,604,939</u>

See notes to the financial statements.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2018
With Comparative Totals as of June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenues and Other Support				
Contributions	\$ 477,226	\$ 107,819	\$ 585,045	\$ 497,229
Non-federal grants	72,600	81,900	154,500	125,688
Special event revenue, net of direct benefit expenses	236,420		236,420	147,476
In-kind contributions	51,704		51,704	30,208
Other Income	619		619	6,491
Interest income	751		751	655
Net assets released from restrictions	<u>132,158</u>	<u>(132,158)</u>	<u>0</u>	<u>0</u>
Total Revenue and Other Support	971,478	57,561	1,029,039	807,747
Expenses				
Program service				
Operations	382,284		382,284	169,205
Support services	<u>282,161</u>		<u>282,161</u>	<u>387,333</u>
Total Program Services	664,445	0	664,445	556,538
Support services				
Fundraising	97,477		97,477	147,853
General and administrative	<u>197,116</u>		<u>197,116</u>	<u>140,575</u>
Total Support Services	<u>294,593</u>	<u>0</u>	<u>294,593</u>	<u>288,428</u>
Total Expenses	<u>959,038</u>	<u>0</u>	<u>959,038</u>	<u>844,966</u>
Change in Net Assets	12,440	57,561	70,001	(37,219)
Net Assets				
Beginning of Year	<u>819,535</u>	<u>59,606</u>	<u>879,141</u>	<u>916,360</u>
End of Year	<u>\$ 831,975</u>	<u>\$ 117,167</u>	<u>\$ 949,142</u>	<u>\$ 879,141</u>

See notes to the financial statements.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018
With Comparative Totals for the Year Ended June 30, 2017

	<u>Program Services</u>			<u>Management and General</u>	<u>2018 Total</u>	<u>2017 Total</u>
	<u>Operations</u>	<u>Supportive Services</u>	<u>Fundraising</u>			
Functional Expenses						
Wages, Benefits, Taxes	\$ 261,795	\$ 234,426	\$ 93,247	\$ 63,680	\$ 653,148	\$ 562,538
Depreciation	46,490	5,311		2,068	53,869	53,916
Contracted Services	1,986	2,472	2,100	24,590	31,148	41,189
Utilities	28,160				28,160	26,404
Supportive Services	1,100	5,785			6,885	11,137
Non-personnel Expenses	3,029	16,311	1,848	63,801	84,989	69,828
Rent				15,551	15,551	16,367
Advertising/Marketing Expenses	50	25		293	368	7,290
Processing Fees				5,654	5,654	821
Insurance	6,122	987			7,109	5,002
Equipment Rentals	10,607	197		14,024	24,828	17,288
Client Specific Expenses	20,915	15,053	159	1,868	37,995	23,072
Professional Development		2			2	2,000
Travel and Meetings	1,302	967	123	2,730	5,122	7,209
Bank Fees				45	45	59
Staff/Donor/Volunteer App.	627	625		2,517	3,769	213
Grants to Others						100
Misc Expenses	101			10	111	243
Memberships				285	285	290
Total Functional Expenses	\$ 382,284	\$ 282,161	\$ 97,477	\$ 197,116	\$ 959,038	\$ 844,966

See notes to the financial statements

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2018
With Comparative Totals as of June 30, 2017

	<u>2018</u>	<u>2017</u>
Cash Flow From Operating Activities		
Change in net assets	\$ 70,001	\$ (37,219)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	53,869	53,916
Changes in operating assets and liabilities:		
Grants receivable	(15,000)	
Other receivables		(500)
Prepaid expenses	(8,548)	(3,281)
Accounts payable	1,146	(98)
Accrued expenses	<u>30,617</u>	<u>8,888</u>
Net Cash Provided (Used) by Operating Activities	132,085	21,706
Cash Flow From Investing Activities		
Purchase of fixed assets	(17,148)	(27,966)
Cash Flow From Financing Activities		
Payments on debt	<u>(13,000)</u>	<u>(10,800)</u>
Net Change in Cash and Cash Equivalents	101,937	(17,060)
Cash and Cash Equivalents - Beginning of Year	<u>327,272</u>	<u>344,332</u>
Cash and Cash Equivalents - End of Year	<u>\$ 429,209</u>	<u>\$ 327,272</u>

See notes to the financial statements.

INTERFAITH SANCTUARY HOUSING SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Nature of Organization

Interfaith Sanctuary Housing Services, Inc. (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.

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.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

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.

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, 2018 and 2017, the Organization's uninsured balances totaled \$0.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

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, 2018 and 2017, donated noncash assets were valued at \$51,704 and \$24,247, respectively.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are charged to operations in the year incurred. The Organization incurred \$368 and \$7,290 in advertising expenses for the periods ended June 30, 2018 and 2017, 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 with a threshold 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.

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, 2018 and 2017.

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 2015.

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.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Prior Year Comparative Totals

The consolidating financial statements include certain 2017 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2017 financial statements from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through January 10, 2019 the date which the financial statements were available to be issued.

Note B – Property and Equipment

Property and equipment at June 30 was as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 352,700	\$ 352,700
Building	447,300	447,300
Building improvements	652,349	649,199
Equipment	108,360	102,223
Construction in progress	551	
Beds and other fixtures	<u>67,059</u>	<u>59,749</u>
	1,628,319	1,611,171
Accumulated depreciation	<u>(392,711)</u>	<u>(338,842)</u>
Property and equipment, net	<u>\$ 1,235,608</u>	<u>\$ 1,272,329</u>

For the periods ended June 30, 2018 and 2017, the Organization recognized \$53,869 and \$53,916 in depreciation expense, respectively. Depreciation expense is included in Operations, Support Services, and General and Administrative expense in the Statement of Activities. \$551 of expense was incurred and capitalized as construction in progress to begin renovations to the Organization's laundry facilities. These renovations were ongoing as of June 30, 2018.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Compensated Absences

The Organization accrues paid time off (PTO). Eligible employees are allowed to accumulate 350 hours beyond the fiscal year end. Unpaid PTO balances as of June 30, 2018 and 2017 were \$39,525 and \$23,430, respectively.

Note D – Temporarily Restricted Net Assets

At June 30, 2017, there were \$59,606 temporarily restricted amounts for a kitchen remodel. There was \$30,000 for case management and \$87,167 for the Work Program temporarily restricted for 2018.

Note E – Notes Payable

Notes payable at June 30 consist of the following:

	<u>2018</u>	<u>2017</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 and payments are not required as of June 30, 2018.	\$ 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>195,000</u>	<u>208,000</u>
Total Notes Payable	<u>\$ 670,000</u>	<u>\$ 683,000</u>
Future maturities for the years ended June 30,		
2019	\$ 488,200	
2020	14,400	
2021	15,600	
2022	16,800	
2023	16,800	
Thereafter	<u>118,200</u>	
	<u>\$ 670,000</u>	