

Financial Statements

Interfaith Sanctuary Housing Services, Inc.
(a nonprofit organization)
Years Ended June 30, 2019 and 2018



Table of Contents

Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9

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, 2019, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2019, 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, 2019, and the changes in its net assets and its cash flows for the year ended June 30, 2019 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
December 20, 2019



INTERFAITH SANCTUARY HOUSING SERVICES, INC.**STATEMENTS OF FINANCIAL POSITION**

June 30, 2019

With Comparative Totals as of June 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Assets		
Cash and equivalents	\$ 333,572	\$ 429,209
Grants receivable	0	15,000
Prepaid expenses	13,080	11,278
Security deposits	1,450	2,608
Property and equipment, net	<u>1,231,886</u>	<u>1,235,608</u>
Total Assets	<u>\$ 1,579,988</u>	<u>\$ 1,693,703</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 8,067	\$ 3,525
Accrued expenses	74,018	71,036
Notes payable	<u>657,700</u>	<u>670,000</u>
Total Liabilities	739,785	744,561
Net Assets		
Without donor restrictions	683,564	831,975
With donor restrictions	<u>156,639</u>	<u>117,167</u>
Total Net Assets	<u>840,203</u>	<u>949,142</u>
Total Liabilities and Net Assets	<u>\$ 1,579,988</u>	<u>\$ 1,693,703</u>

See notes to the financial statements.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
Income and Support				
Contributions	\$ 449,899	\$ 19,335	\$ 469,234	\$ 585,045
Non-federal grants	49,754	157,400	207,154	154,500
Special event revenue, net of direct benefit expenses	258,194		258,194	236,420
In-kind contributions	85,049		85,049	51,704
Other Income	2,291		2,291	619
Interest income	1,164		1,164	751
Gain on sale of fixed assets	79		79	0
	<u>846,430</u>	<u>176,735</u>	<u>1,023,165</u>	<u>1,029,039</u>
Net assets released from restriction	<u>137,263</u>	<u>(137,263)</u>	<u>0</u>	<u>0</u>
Total Income and Support	983,693	39,472	1,023,165	1,029,039
Expenses				
Program service				
Supportive services	436,837		436,837	382,284
Operations	<u>353,572</u>		<u>353,572</u>	<u>282,161</u>
Total Program Services	790,409	0	790,409	664,445
Support services				
General and administrative	259,975		259,975	197,116
Fundraising	<u>81,720</u>		<u>81,720</u>	<u>97,477</u>
Total Support Services	<u>341,695</u>	<u>0</u>	<u>341,695</u>	<u>294,593</u>
Total Expenses	<u>1,132,104</u>	<u>0</u>	<u>1,132,104</u>	<u>959,038</u>
Change in Net Assets	(148,411)	39,472	(108,939)	70,001
Net Assets				
Beginning of Year	<u>831,975</u>	<u>117,167</u>	<u>949,142</u>	<u>879,141</u>
End of Year	<u>\$ 683,564</u>	<u>\$ 156,639</u>	<u>\$ 840,203</u>	<u>\$ 949,142</u>

See notes to the financial statements.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	<u>Supportive Services</u>	<u>Operations</u>	<u>General & Admin</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Salaries and wages	\$ 336,800	\$ 188,455	\$ 48,256	\$ 65,370	\$ 638,881	\$ 542,994
Office expense	6,965	2,330	99,246		108,541	72,330
Payroll taxes	47,371	28,000	6,273	8,425	90,069	77,416
Depreciation expense	3,785	34,070	18,492		56,347	53,869
Equipment rental and maintenance	11,192	22,009	13,640		46,841	34,366
Client specific expenses	6,704	32,782			39,486	28,660
Payroll benefits	5,167	9,584	9,036	4,208	27,995	32,738
Utilities		27,207	92		27,299	28,160
Accounting fees			24,080		24,080	22,700
Professional fees	4,289	577	10,040	500	15,406	8,247
Rent and occupancy		385	14,727		15,112	15,551
Technology and computer	8,008	134	4,760	948	13,850	12,660
Insurance	3	5,216	1,334		6,553	7,109
Trainings and support	2,602	1,709			4,311	6,900
Travel	463	938	1,276	171	2,848	5,122
Advertising	580	150	69	1,110	1,909	368
Other expenses	2,908	26	8,654	988	12,576	9,848
Total Expenses	<u>\$ 436,837</u>	<u>\$ 353,572</u>	<u>\$ 259,975</u>	<u>\$ 81,720</u>	<u>\$ 1,132,104</u>	<u>\$ 959,038</u>

See notes to the financial statements.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2019
With Comparative Totals as of June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash Flow From Operating Activities		
Change in net assets	\$ (108,939)	\$ 70,001
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	56,347	53,869
Gain on sale of fixed assets	(79)	0
Changes in operating assets and liabilities:		
Grants receivable	15,000	(15,000)
Prepaid expenses	(644)	(8,548)
Accounts payable	4,542	1,146
Accrued expenses	<u>2,982</u>	<u>30,617</u>
Net Cash Provided (Used) by Operating Activities	(30,791)	132,085
Cash Flow From Investing Activities		
Purchase of fixed assets	(51,796)	(17,148)
Proceeds from sale of fixed assets	<u>(750)</u>	<u>0</u>
Net Cash Provided (Used) by Investing Activities	(52,546)	(17,148)
Cash Flow From Financing Activities		
Payments on notes payable	<u>(12,300)</u>	<u>(13,000)</u>
Net Change in Cash and Cash Equivalents	(95,637)	101,937
Cash and Cash Equivalents		
Beginning of Year	<u>429,209</u>	<u>327,272</u>
End of Year	<u>\$ 333,572</u>	<u>\$ 429,209</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's net assets, revenues, expenses, and gains and losses are classified according to two classes: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Accounting Pronouncements Adopted

For the year ended June 30, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. This guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and expenses by both their natural and functional classification.

Implementation of the new standard did not require reclassification or restatement of any opening balances related to the prior period. Net assets presented as temporary or permanently restricted assets are now reported as net assets with donor restrictions. Net assets reported as unrestricted are now reported as net assets without donor restrictions.

INTERFAITH SANCTUARY HOUSING SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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, 2019 and 2018, the Organization's uninsured balances totaled \$0 and \$0, 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.

Contributions and Donor Imposed Restrictions

The Organization recognizes all contributed support received as income in the period received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

INTERFAITH SANCTUARY HOUSING SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

In-kind Donations

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 donated tangible assets are recognized at fair market value in the period 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. For the periods ended June 30, 2019 and 2018, donated noncash assets were valued at \$85,049 and \$51,704, respectively.

The Organization also 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.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and wages, payroll taxes, and payroll benefits, which are allocated on the basis of estimates of time and effort; depreciation is allocated based on the depreciable assets identified for use in each program; and rent and occupancy is allocated to the program or function that receives the benefit from the leased expense. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising

Advertising costs are charged to operations in the year incurred. The Organization incurred \$1,909 and \$368 in advertising expenses for the periods ended June 30, 2019 and 2018, respectively.

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 FINANCIAL STATEMENTS

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, 2019 and 2018.

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 2016.

Comparative Data

The amounts shown for the year ended June 30, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through December 20, 2019 the date which the financial statements were available to be issued.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note B – Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Total financial assets available within one year		
Cash and cash equivalents	\$	333,572
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions – Work Program		<u>(156,639)</u>
Total financial assets available within one year after restriction	\$	<u>176,933</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At June 30, 2019, all net assets with donor restrictions are available for payment of any major expenditures incurred.

Note C – Property and Equipment

Property and equipment at June 30 was as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 352,700	\$ 352,700
Building	447,300	447,300
Building improvements	697,173	652,349
Equipment	107,018	108,360
Construction in progress	931	551
Beds and other fixtures	<u>73,060</u>	<u>67,059</u>
	1,678,182	1,628,319
Accumulated depreciation	<u>(446,296)</u>	<u>(392,711)</u>
Property and equipment, net	<u>\$ 1,231,886</u>	<u>\$ 1,235,608</u>

For the periods ended June 30, 2019 and 2018, the Organization recognized \$56,347 and \$53,869 in depreciation expense, respectively. Depreciation expense is included in Operations, Support Services, and General and Administrative expense in the Statement of Activities. As of June 30, 2019 and 2018, the Organization recognized \$931 and \$551, respectively, as capitalized construction in progress for renovations to the Organization’s laundry facilities. These renovations were ongoing as of June 30, 2019.

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – 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, 2019 and 2018 were \$38,675 and \$39,525, respectively.

Note E – Notes Payable

Notes payable at June 30 consist of the following:

	<u>2019</u>	<u>2018</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, 2019.	\$ 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>182,700</u>	<u>195,000</u>
Total Notes Payable	<u>\$ 657,700</u>	<u>\$ 670,000</u>

Future maturities for the years ended June 30, are as follows:

2020	\$ 489,400
2021	15,600
2022	16,800
2023	16,800
2024	18,000
Thereafter	<u>101,100</u>
	<u>\$ 657,700</u>

INTERFAITH SANCTUARY HOUSING SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

Note F – Net Assets

All net assets with donor restrictions are restricted for the purpose of use within the program for which the grants or donations were received. The detail of the Organization’s net asset categories at June 30, is as follows:

	<u>2019</u>	<u>2018</u>
Without donor restrictions:		
Invested in property and equipment	\$ 574,186	\$ 565,608
Undesignated surplus	<u>109,378</u>	<u>266,367</u>
Total without donor restrictions	683,564	831,975
With donor restrictions:		
Case Management	0	30,000
Work Program	<u>156,639</u>	<u>87,167</u>
Total with donor restrictions	<u>156,639</u>	<u>117,167</u>
Total net assets	<u>\$ 840,203</u>	<u>\$ 949,142</u>

Note G – Operating Leases

The Organization had an operating lease agreement for office space located on Jefferson Street in Boise, Idaho with Redden Group LLC expiring July 31, 2018. The Organization entered into this operating lease on June 29, 2017 and the lease to expired on July 31, 2019. The Organization entered into a new operating lease agreement with for office space located on Americana Boulevard in Boise, Idaho commencing on May 1, 2019 and expiring April 30, 2020.

Rent expenses under the operating leases were \$15,112 and \$15,551 for the years ended June 30, 2019 and 2018, respectively. The future minimum lease payments under the agreements are as follows:

2020	<u>\$ 10,000</u>
------	------------------