

# Financial Statements

Interfaith Sanctuary Housing Services, Inc.  
(a nonprofit organization)  
Includes Supplementary Information  
Years Ended June 30, 2024 and 2023



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Interfaith Sanctuary Housing Services, Inc., which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Interfaith Sanctuary Housing Services, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Interfaith Sanctuary Housing Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Sanctuary Housing Services, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.





## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Interfaith Sanctuary Housing Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Interfaith Sanctuary Housing Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited the Interfaith Sanctuary Housing Services, Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



## Report on Other Legal and Regulatory Requirements

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of Interfaith Sanctuary Housing Services, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contract and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Interfaith Sanctuary Housing Services, Inc.'s internal control over financial reporting and compliance.

Havis CPA, P.C.

Meridian, Idaho  
January 17, 2025

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

June 30, 2024

With Comparative Totals as of June 30, 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and equivalents	\$ 4,075,466	\$ 2,447,706
Grants receivable	79,493	352,769
Pledges receivable, current portion	2,900,960	50,000
Prepaid expenses	14,985	5,914
Employee advances	<u>11,008</u>	<u>5,831</u>
Total Current Assets	7,081,912	2,862,220
<b>Other Assets</b>		
Property and equipment, net	4,309,215	2,987,976
Loan fee, net	87,857	0
Pledges receivable, net of current portion	<u>441,365</u>	<u>211,347</u>
Total Assets	<u>\$ 11,920,349</u>	<u>\$ 6,061,543</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 847,993	\$ 167,695
Accrued expenses	<u>152,289</u>	<u>140,790</u>
Total Current Liabilities	1,000,282	308,485
<b>Notes Payable</b>	<u>1,475,000</u>	<u>2,376,028</u>
Total Liabilities	2,475,282	2,684,513
<b>Net Assets</b>		
Without donor restrictions	1,930,160	1,171,769
With donor restrictions	<u>7,514,907</u>	<u>2,205,261</u>
Total Net Assets	<u>9,445,067</u>	<u>3,377,030</u>
Total Liabilities and Net Assets	<u>\$ 11,920,349</u>	<u>\$ 6,061,543</u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.****STATEMENTS OF ACTIVITIES**

For the Year Ended June 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>2023 Total</u>
<b>Income and Support</b>				
Contributions	\$ 967,230	\$ 5,290,949	\$ 6,258,179	\$ 3,865,607
Federal grants	783,135		783,135	1,455,219
Non-federal grants	1,481,397	1,394,450	2,875,847	750,541
Special event revenue, net of direct benefit expenses	279,951		279,951	333,552
Contributed nonfinancial assets	93,509		93,509	96,939
Interest income	<u>3,248</u>	<u></u>	<u>3,248</u>	<u>749</u>
	3,608,470	6,685,399	10,293,869	6,502,607
Net assets released from restriction	<u>1,375,753</u>	<u>(1,375,753)</u>	<u>0</u>	<u>0</u>
Total Income and Support	4,984,223	5,309,646	10,293,869	6,502,607
<b>Expenses</b>				
Program services				
Community support	2,689,389		2,689,389	2,430,348
Shelter operations	<u>828,270</u>	<u></u>	<u>828,270</u>	<u>842,269</u>
Total Program Services	3,517,659	0	3,517,659	3,272,617
Support services				
General and administrative	425,646		425,646	319,597
Fundraising	<u>282,527</u>	<u></u>	<u>282,527</u>	<u>238,845</u>
Total Support Services	<u>708,173</u>	<u>0</u>	<u>708,173</u>	<u>558,442</u>
Total Expenses	<u>4,225,832</u>	<u>0</u>	<u>4,225,832</u>	<u>3,831,059</u>
Change in Net Assets	758,391	5,309,646	6,068,037	2,671,548
<b>Net Assets</b>				
Beginning of Year	<u>1,171,769</u>	<u>2,205,261</u>	<u>3,377,030</u>	<u>705,482</u>
End of Year	<u>\$ 1,930,160</u>	<u>\$ 7,514,907</u>	<u>\$ 9,445,067</u>	<u>\$ 3,377,030</u>

See notes to the financial statements.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2024**  
**With Comparative Totals for the Year Ended June 30, 2023**

	Program Services		Administration	Fundraising	2024 Total	2023 Total
	Supportive	Operations				
Salaries and wages	\$ 605,983	\$ 540,114	\$ 97,311	\$ 179,141	\$ 1,422,549	\$ 1,380,025
Red Lion hotel rent	1,473,890				1,473,890	1,421,533
Client specific expenses	235,124	45,594	92		280,810	114,033
Payroll taxes	84,147	73,677	10,428	18,350	186,602	172,190
Rent and occupancy	37,460	6,237	85,022		128,719	91,782
Payroll benefits	54,387	48,365	12,102	11,816	126,670	104,767
Equipment rentals and maintenance	49,740	25,977	8,752		84,469	77,447
Utilities	3,095	69,611	1,572		74,278	70,326
Office expenses	5,940	1,355	35,901	27,111	70,307	116,350
Professional fees	32,889	3,665	769	31,375	68,698	37,169
Interest expense			66,842		66,842	68,484
Depreciation expense	52,321	5,813			58,134	59,207
Insurance			53,338		53,338	29,606
Technology and computer	25,434	5,614	7,201	7,647	45,896	17,940
Accounting Fees			29,100		29,100	24,800
Training & support	19,469	998			20,467	21,975
Real estate taxes			15,466		15,466	12,508
Advertising				528	528	251
Travel					0	587
Other expenses	9,510	1,250	1,750	6,559	19,069	10,079
	<u>\$ 2,689,389</u>	<u>\$ 828,270</u>	<u>\$ 425,646</u>	<u>\$ 282,527</u>	<u>\$ 4,225,832</u>	<u>\$ 3,831,059</u>

See notes to financial statements.



**INTERFAITH SANCTUARY HOUSING SERVICES, INC.****STATEMENTS OF CASH FLOWS**

For the Year Ended June 30, 2024

With Comparative Totals for the Year Ended of June 30, 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flow From Operating Activities</b>		
Change in net assets	\$ 6,068,037	\$ 2,671,548
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	58,134	59,207
Loan fee amortization in interest expense	2,143	0
Capital campaign fundraising	(6,685,399)	(2,814,352)
Changes in operating assets and liabilities:		
Grants receivable	273,276	(159,214)
In-kind rent receivable	0	45,000
Pledges receivable	(3,080,978)	(261,347)
Prepaid expenses	(9,071)	112,913
Employee advances	(5,177)	5,250
Accounts payable	680,298	144,174
Accrued payroll	3,757	50,178
Accrued expenses	<u>7,742</u>	<u>4,306</u>
Net Cash Provided (Used) by Operating Activities	(2,687,238)	(142,337)
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(4,560)	(4,444)
Construction in progress	<u>(1,374,813)</u>	<u>(635,245)</u>
Net Cash Provided (Used) by Investing Activities	(1,379,373)	(639,689)
<b>Cash Flow From Financing Activities</b>		
Repayment of long term debt	(901,028)	0
Loan fee	(90,000)	0
Capital campaign fundraising	<u>6,685,399</u>	<u>2,814,352</u>
Net Cash Provided (Used) by Financing Activities	5,694,371	2,814,352
Net Change in Cash and Cash Equivalents	1,627,760	2,032,326
<b>Cash and Cash Equivalents</b>		
Beginning of Year	<u>2,447,706</u>	<u>415,380</u>
End of Year	<u>\$ 4,075,466</u>	<u>\$ 2,447,706</u>

See notes to the financial statements.

## INTERFAITH SANCTUARY HOUSING SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

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### 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.

#### *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 and Revenue*

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, 2024 and 2023, the Organization's uninsured balances totaled \$3,601,988 and \$2,131,791, respectively.

## INTERFAITH SANCTUARY HOUSING SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Concentration of Credit Risk and Revenue (Continued)*

For the year ended June 30, 2024, the Organization received 39% of its revenue from three donors and 55% of their receivables from two donors. For the year ended June 30, 2023, the Organization received 28% of its revenue from two donors and 88% of their receivables from four donors.

#### *Employee Advances*

As a convenience to their employees during COVID-19 the Organization allowed staff members to take advances on their salaries. The Organization has continued this practice for the fiscal year ended June 30, 2024. These advances do have a maturity date or a repayment schedule. However, advances will be withheld from an employee's final paycheck should they leave before the full amount is repaid.

#### *Pledges Receivable*

Contributions are generally available for unrestricted use in the year raised unless specifically restricted by the donor. Unconditional promises to give are recorded when pledged. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using the Organization's expected borrowing rate applicable to the years in which the promises are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potentially uncollectible promises receivable at year end.

#### *Construction in Progress*

Construction in progress consists of developing the Organization's new building for headquarters and sanctuary. Construction in progress are stated at cost and include all direct material and indirect cost of construction incurred during the development period. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. At June 30, 2024 and 2023, the Organization has recorded within construction in progress \$2,010,058 and \$635,245, respectively, for the construction costs of the new building.

## INTERFAITH SANCTUARY HOUSING SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *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.

#### *Debt issuance costs*

Debt issuance costs, net of accumulated amortization are reported as a direct reduction of the obligation to which such cost relate. Debt issuance costs incurred related to a line of credit or revolving debt arrangement are recorded as an asset on the statement of financial position. Amortization of debt issuance costs is reported using the interest method and is a component of interest expense.

#### *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.

#### *Contributions of Nonfinancial Assets*

The Organization records in-kind goods based on the fair value as described in generally accepted accounting principles. The Organization recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

Noncash contributions which have a readily determinable market value or which are intended for internal use by the Organization (such as equipment and supplies) are recorded as revenue based upon their market value at the date of donation. Noncash contributions, which do not have a readily determinable market value are not recorded as revenue until a reliable estimate of fair value is determined or they are converted to cash.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note A – Summary of Significant Accounting Policies (Continued)**

*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.

*Special Events*

Revenue and expenditures related to special events are presented together on the statement of activities. Special event revenue and expenses for the period ended June 30, 2024 was \$330,272 and \$(50,321), respectively. Special event revenue and expenses for the period ended June 30, 2023 was \$383,960 and \$(50,408), respectively.

*Advertising*

Advertising costs are charged to operations in the year incurred. The Organization incurred \$528 and \$251 in advertising expenses for the periods ended June 30, 2024 and 2023, 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

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### 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, 2024 and 2023.

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 2020.

#### *Reclassifications*

Certain amounts at June 30, 2023 have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets for the year ended June 30, 2023.

#### *Comparative Data*

The amounts shown for the year ended June 30, 2023 in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 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, 2023, from which the summarized information was derived.

#### *Subsequent Events*

The Organization has evaluated subsequent events through January 17, 2025, the date which the financial statements were available to be issued.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**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:

Financial assets available within one year		
Cash and cash equivalents	\$	4,075,466
Grants receivable		79,493
Pledges receivable, current		<u>2,900,960</u>
Total financial assets available within one year		7,055,919
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		<u>(7,514,907)</u>
Total financial assets available within one year after restriction	\$	<u>(458,988)</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, 2024, all net assets with donor restrictions are available for payment of any major expenditures incurred, except for grants receivable which are available when the receivable is collected, which is expected within the next year, and the expenditure is incurred.

**Note C – Pledges Receivable**

Pledges receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Pledges receivable in less than one year	\$ 2,900,960	\$ 50,000
Pledges receivable in more than one year	<u>636,250</u>	<u>245,000</u>
Total pledges receivable	3,537,210	295,000
Less discounts to net present value	<u>(194,885)</u>	<u>(33,653)</u>
Pledges receivable, net	<u>\$ 3,342,325</u>	<u>\$ 261,347</u>

The discount rate used on long term pledges was 4.25% for the years ended June 30, 2024 and 2023. For the years ended June 30, 2024 and 2023, management anticipates all pledges to be collectible and does not deem an allowance for uncollectible pledges to be necessary.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Property and Equipment**

Property and equipment at June 30 was as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ 720,000	\$ 720,000
Building	1,691,421	1,691,421
Equipment	159,757	155,197
Beds and other fixtures	73,060	73,060
Construction in progress	<u>2,010,058</u>	<u>635,245</u>
	4,654,296	3,274,923
Accumulated depreciation	<u>(345,081)</u>	<u>(286,947)</u>
Property and equipment, net	<u>\$ 4,309,215</u>	<u>\$ 2,987,976</u>

For the periods ended June 30, 2024 and 2023, the Organization recognized \$58,134 and \$59,207 in depreciation expense, respectively.

During the year ended June 30, 2021, the Organization purchased a new building to support their operations. The building was placed in service and began being depreciated during the year ended June 30, 2022. Construction in progress relates to costs associated with developing the new building into headquarters and shelter space.

**Note E – Compensated Absences**

The Organization accrues paid time off (PTO). Eligible employees are allowed to accumulate 120 hours beyond the fiscal year end. Due to COVID-19 coronavirus, the Organization has suspended the maximum capacity of PTO accruals. Unpaid PTO balances as of June 30, 2024 and 2023 were \$101,181 and \$107,889, respectively.



**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note F – Construction Loan**

The Organization engaged in an \$8,100,000 revolving loan with Heritage Bank in May 2024 that matures in May 2031. The loan has a fixed interest of 7.260%. As of June 30, 2024 there was no outstanding balance.

The Organization incurred debt issuance costs related to the loan. At June 30, 2024, the Organization recognized \$90,000 of loan costs, net of amortization of \$2,143.

The loan agreement requires the Organization to meet certain operating and financial covenants, including quarterly financial reporting and debt service ratios. At June 30, 2024, the Organization was in compliance with these covenants.

**Note G – Notes Payable**

Notes payable at June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Note payable to Idaho Housing and Finance Association. The note has no maturity date, bears no interest, no payments are currently due and the note is secured by the building. At the conclusion of the construction of the new shelter, the loan will be forgiven and converted to an equity partnership.	\$ 1,475,000	\$ 1,475,000
Note payable to Idaho First Bank, with the principal due in full on July 27, 2024. The Organization paid this note in full in May 2024.	<u>0</u>	<u>901,028</u>
Total Notes Payable	<u>\$ 1,475,000</u>	<u>\$ 2,376,028</u>

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note H – Net Assets**

The detail of the Organization’s net asset categories at June 30, is as follows:

	<u>2024</u>	<u>2023</u>
Without donor restrictions:		
Invested in property and equipment, net of related debt	\$ 2,834,215	\$ 611,948
Undesignated surplus (deficit)	<u>(904,055)</u>	<u>559,821</u>
Total without donor restrictions	1,930,160	1,171,769
With donor restrictions:		
Shelter and support operations	<u>7,514,907</u>	<u>2,205,261</u>
Total net assets	<u>\$ 9,445,067</u>	<u>\$ 3,377,030</u>

**Note I – Contributed Nonfinancial Assets**

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2024</u>	<u>2023</u>
Professional services	\$ 0	\$ 18,775
Good and materials	33,509	63,164
Use of space	<u>60,000</u>	<u>15,000</u>
Total contributed nonfinancial assets	<u>\$ 93,509</u>	<u>\$ 96,939</u>

Interfaith Sanctuary Housing Services, Inc. recognized contributed nonfinancial assets within revenue, including a contributed use of space, professional services, and shelter supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note I – Contributed Nonfinancial Assets (Continued)**

Contributed services recognized comprise professional services from attorneys advising Interfaith Sanctuary Housing Services, Inc. on various administrative legal matters pertaining to the construction of the new building. During the year ended June 30, 2023, contributed professional services included significant attorney services for attaining permits for the newly acquired State Street building. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

Contributed supplies recognized are various shelter supplies, clothing, food and other materials which are often redistributed in people in need. Contributed supplies are valued and are reported at the estimated fair value in the financial statements based on wholesale values that would be received for selling similar products.

The contributed use of the River Street building was used for a temporary shelter during the time that the Organization was obtaining proper permits for their new facility. In valuing the contributed use of facilities, which is located in Boise, Interfaith Sanctuary Housing Services, Inc. estimated the fair value on the basis of comparable rent per square foot in Boise’s commercial real estate market.

**Note J – Red Lion Hotel Lease**

During the years ended June 30, 2024 and 2023, the Organization rented a number of rooms from the Red Lion Hotel in order to facilitate a homeless shelter while the new building was under construction. The rental agreement with Red Lion expired in April 2023 but was renewed through April 2025 and is considered short-term in nature. For the periods ended June 30, 2024 and 2023, the Organization recognized \$1,473,890 and \$1,421,533 in Red Lion hotel occupancy expense, respectively. The future minimum lease payments under the new agreement for 2025 is \$1,171,350.

**Note K – Supplemental Disclosure of Cash Flow Information**

	<u>2024</u>	<u>2023</u>
Cash paid for interest	\$ 66,842	\$ 68,484

**SUPPLEMENTARY INFORMATION**

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Interfaith Sanctuary Housing Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2025.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Interfaith Sanctuary Housing Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interfaith Sanctuary Housing Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Interfaith Sanctuary Housing Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





## Compliance and Other Matters

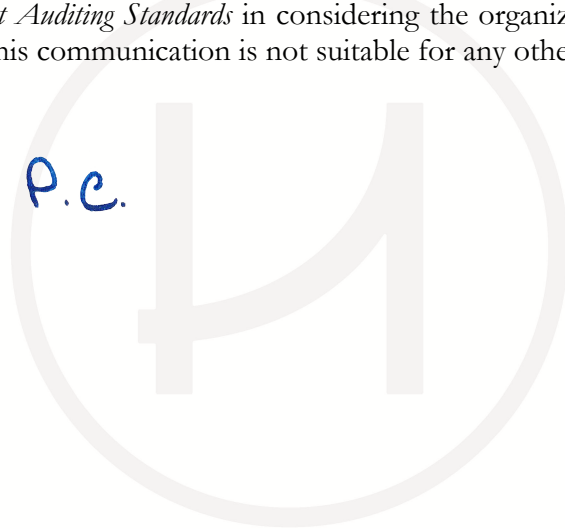
As part of obtaining reasonable assurance about whether Interfaith Sanctuary Housing Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harvie CPAs P.C.

Meridian, Idaho  
January 17, 2025



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited Interfaith Sanctuary Housing Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Interfaith Sanctuary Housing Services, Inc.'s major federal programs for the year ended June 30, 2024. Interfaith Sanctuary Housing Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Interfaith Sanctuary Housing Services, Inc. complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Interfaith Sanctuary Housing Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Interfaith Sanctuary Housing Services, Inc.'s compliance with the compliance requirements referred to above.





## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Interfaith Sanctuary Housing Services, Inc.'s federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Interfaith Sanctuary Housing Services, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Interfaith Sanctuary Housing Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Interfaith Sanctuary Housing Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Interfaith Sanctuary Housing Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Interfaith Sanctuary Housing Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.





## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Havis CPA's P.C.

Meridian, Idaho  
January 17, 2025

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2024**

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<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
UNITED STATES DEPARTMENT OF TREASURY			
Pass through from City of Boise:			
Coronavirus State and Local Fiscal Recovery	21.027	FAIN SLFRP1996	\$ <u>639,566</u>
TOTAL UNITED STATES DEPARTMENT OF TREASURY			639,566
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass through from Idaho Department of Health and Welfare:			
Epidemiology and Laboratory (ELC)			
Capacity for Infectious Diseases	93.323	NU50CK000544	<u>143,569</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>143,569</u>
Total Expenditures of Federal Awards			<u>\$ 783,135</u>

See notes to schedule of expenditures of federal awards.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Interfaith Sanctuary Housing Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Interfaith Sanctuary Housing Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Interfaith Sanctuary Housing Services, Inc.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Interfaith Sanctuary Housing Services, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2024**

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**Section I – Summary of Audit Results**

*Financial Statements:*

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	_____ yes <u>  X  </u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes <u>  X  </u> none reported
Noncompliance material to the financial statements noted?	_____ yes <u>  X  </u> no

*Federal Awards:*

Internal control over major programs:	
• Material weakness identified?	_____ yes <u>  X  </u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes <u>  X  </u> none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR Section 200-516(a)?	_____ yes <u>  X  </u> no

*Identification of major programs:*

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee?	<u>  X  </u> yes    _____ no
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**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended June 30, 2024**

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**Section II – Financial Statement Finds**

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

**Section III – Federal Award Findings And Questioned Costs**

No findings related to the federal awards were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS) and the *Uniform Guidance*.

**INTERFAITH SANCTUARY HOUSING SERVICES, INC.**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended June 30, 2024**

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There were no prior audit findings.