

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Interfaith Hospitality Network of the Main Line  
Norristown, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Interfaith Hospitality Network of the Main Line (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

Board of Directors  
Interfaith Hospitality Network of the Main Line

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Hospitality Network of the Main Line as of June 30, 2020, 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.

**Report on Summarized Comparative Information**

The prior year summarized comparative information has been derived from Interfaith Hospitality Network of the Main Line's June 30, 2019 financial statements that were audited by other auditors, and, in the other auditor's report dated September 12, 2019, they expressed an unmodified opinion on the financial statements.

***J. Miller & Associates, LLC***

Philadelphia, Pennsylvania  
December 15, 2020

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**(WITH SUMMARIZED COMPARATIVE TOTALS AS OF JUNE 30, 2019)**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 269,528	\$ 61,766
Grants and contributions receivable	50,000	33,035
Prepaid expenses	2,168	2,365
Investment in certificates of deposit	213,709	239,500
Property and equipment, net	93,872	88,968
<b>TOTAL ASSETS</b>	<b>\$ 629,277</b>	<b>\$ 425,634</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 10,380	\$ 1,193
Accrued payroll	493	6,636
Deferred revenue	22,625	-
Loan payable	38,645	-
<b>TOTAL LIABILITIES</b>	<b>72,143</b>	<b>7,829</b>
<b>NET ASSETS</b>		
Without donor restrictions	480,649	377,794
With donor restrictions	76,485	40,011
<b>TOTAL NET ASSETS</b>	<b>557,134</b>	<b>417,805</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 629,277</b>	<b>\$ 425,634</b>

See accompanying Notes to Financial Statements.

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 313,516	\$ 58,857	\$ 372,373	\$ 159,593
Host and support congregations	62,542	13,000	75,542	83,200
Contributed guest lodging and other services	74,435	-	74,435	76,796
Fundraising	2,241	-	2,241	40,344
Less: cost of direct donor benefits	(7,659)	-	(7,659)	(12,240)
Interest income	206	-	206	3,976
Net assets released from donor restrictions	<u>35,383</u>	<u>(35,383)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	480,664	36,474	517,138	351,669
<b>EXPENSES</b>				
Program	278,498	-	278,498	295,048
Management and general	56,369	-	56,369	52,400
Fundraising	<u>42,942</u>	<u>-</u>	<u>42,942</u>	<u>38,542</u>
Total Expenses	<u>377,809</u>	<u>-</u>	<u>377,809</u>	<u>385,990</u>
Change in Net Assets	102,855	36,474	139,329	(34,321)
Net Assets, Beginning of Year	<u>377,794</u>	<u>40,011</u>	<u>417,805</u>	<u>452,126</u>
Net Assets, End of Year	<u>\$ 480,649</u>	<u>\$ 76,485</u>	<u>\$ 557,134</u>	<u>\$ 417,805</u>

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

Description	Program Services	Management and General	Fundraising	Total 2020	Total 2019
Salaries	\$ 129,323	\$ 32,655	\$ 20,257	\$ 182,235	\$ 176,517
Payroll taxes	12,372	3,124	1,938	17,434	16,760
Retirement plan	3,694	933	578	5,205	4,927
Employee benefits	5,369	1,356	841	7,566	8,234
Total salaries and related expenses	150,758	38,068	23,614	212,440	206,438
Accounting and audit	-	6,586	-	6,586	5,568
Advertising	584	-	-	584	468
Bank and financial fees	-	1,098	-	1,098	663
Contributed guest lodging and other services	74,435	-	-	74,435	76,796
Dues and subscriptions	3,475	-	-	3,475	2,535
Consultant	-	-	13,690	13,690	10,033
Guest relocation and services	2,697	-	-	2,697	923
Insurance	9,450	2,386	1,480	13,316	11,258
Occupancy	8,501	2,147	1,331	11,979	17,570
Office supplies and expense	4,792	1,210	751	6,753	5,955
Payroll processing	-	1,526	-	1,526	1,548
Postage	133	34	20	187	217
Printing	2,495	630	391	3,516	2,991
Staff development	3,383	-	-	3,383	11,989
Strategic planning	-	-	-	-	6,500
Telephone	3,012	760	472	4,244	3,794
Travel expense	144	-	-	144	109
Van expense	7,019	-	-	7,019	10,679
Depreciation	7,620	1,924	1,193	10,737	9,956
Total	\$ 278,498	\$ 56,369	\$ 42,942	\$ 377,809	\$ 385,990

See accompanying Notes to Financial Statements.

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cr Change in Net Assets	\$ 139,329	\$ (34,321)
Ac Adjustments to reconcile change in net assets tc to net cash provided by operating activities:		
Depreciation	10,737	9,956
Decrease (Increase) in Assets:		
Grants and contributions receivable	(16,965)	(33,035)
Prepaid expenses	197	(2,365)
Increase (Decrease) in liabilities:		
Accounts payable	9,187	1,192
Accrued payroll	(6,143)	6,636
Deferred revenue	22,625	-
	158,967	(51,937)
Net cash provided/(used) by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit	-	(3,941)
Redemption of certificates of deposit	25,791	-
Purchase of property and equipment	(15,641)	-
	10,150	(3,941)
Net cash provided/(used) by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans payable	38,645	-
	38,645	-
Net cash provided by investing activities		
<b>NET INCREASE/(DECREASE) IN CASH</b>	207,762	(55,878)
Cash and cash equivalents - beginning of year	61,766	117,644
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 269,528	\$ 61,766

See accompanying Notes to Financial Statements.



**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**NOTE 1            NATURE OF ORGANIZATION**

Interfaith Hospitality Network of the Main Line (“IHN”) is a nonprofit corporation that enables volunteers from local congregations and the broader community to provide compassion and temporary shelter for homeless families. IHN’s programs and services connect the families to community resources, empowering them to achieve and maintain affordable housing. IHN is funded by a variety of private grants and contributions.

**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

IHN prepares its financial statements in accordance with accounting principles generally accepted in the United States of America which involve the application of the accrual basis of accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

**Financial Statement Presentation**

To ensure the observance of limitations and restrictions on the use of resources available to IHN its net assets and revenues have been reported according to the following classifications:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and may be used for any purpose in performing the primary objectives of IHN. These net assets may be used at the discretion of IHN’s management and the board of directors and are considered net assets without donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions or law. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. These donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification**

Certain 2019 amounts have been reclassified to conform with the 2020 financial statement presentation.

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**NOTE 2           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Summarized Comparative Information**

The summarized comparative information presents amounts in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with IHN's financial statements for the year ended June 30, 2019 from which the summarized information was derived.

**Grant and Contributions Receivable**

Grant and contributions receivable are stated at the amount management expects to collect from outstanding balances. It is IHN's policy to charge off uncollectible grants and contributions receivable when management determines that the grants and contributions receivable will not be collectible. As of June 30, 2020, management has determined that no allowance for doubtful accounts is necessary.

**Cash and Cash Equivalents**

IHN considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Property and Equipment**

All acquisitions of property and equipment over \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost, or if received as a gift, at fair value when acquired. Depreciation is computed on the straight-line basis over the estimated useful lives as follows:

<u>Description</u>	<u>Estimated Useful Life</u>
Building	39 years
Building Improvements	10 years
Vehicles	5 years
Office equipment	3 years

**Functional Allocation of Expenses**

The statement of functional expenses reports certain categories of expenses that are attributable to IHN's program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll, payroll taxes, and benefits which are allocated on the basis of time and effort as well as insurance, occupancy costs, office supplies and expense, printing and telephone. Directly identifiable expenses, such as guest relocation and services, consultant, travel and vehicle expenses are charged to program and supporting services based upon invoices received. Management and general expenses include those expenses that are not directly identifiable with any other specific function and provide for the overall support and direction of IHN.

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**NOTE 2           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments in certificates of deposit with original maturities of greater than 90 days are reported at fair value, as determined by the original cost plus accumulated interest, with interest income recorded included in the statement of activities. Investment income is recorded as earned.

**Deferred Revenue**

Deferred revenue represents funds received for a fundraising event that was delayed due to the pandemic which began in March 2020. The funds received will be recognized as revenue when the fundraising event occurs.

**Income Taxes**

IHN is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, there is no provision for income taxes in the accompanying financial statements. IHN follows the accounting guidance for uncertain tax positions. IHN believes that it has appropriate support for any tax position taken and as such, does not have any uncertain tax positions that are material to the financial statements.

**Recent Accounting Pronouncements Not Yet Adopted**

**Revenue Recognition**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," which outlined a single comprehensive model to use for accounting for revenue arising from customers and superseded nearly all existing accounting principles generally accepted in the United States of America ("GAAP") revenue recognition guidance, including industry-specific guidance. The core principle of the standard is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which the IHN expects to be entitled in exchange for those good or services. The standard requires significantly expanded disclosures about revenue recognition and is effective for fiscal years beginning after December 15, 2019. IHN is in the process of implementing the provisions of ASU 2014-09 and has not yet determined the impact on the financial statements.

**Leases**

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." The primary objective of the standard is to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset. The standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. IHN is currently evaluating the standard and its impact on the financial statements.

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**NOTE 3 CONCENTRATION OF CREDIT RISK**

IHN maintains its cash balance at a financial institution whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor. At various times during the year the bank balances may exceed the FDIC limit. As of June 30, 2020, IHN had uninsured cash balances of \$20,778.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2020:

Land		\$	9,235
Building and improvements			203,960
Van			30,000
Equipment and software			13,968
			<u>257,163</u>
Less: Accumulated Depreciation			(163,291)
Total Property and Equipment, net			<u><u>\$ 93,872</u></u>

Depreciation expense for the year ended June 30, 2020 was \$10,737.

**NOTE 5 LIQUIDITY AND AVAILABILITY**

The following represents IHN’s financial assets at June 30, 2020:

Financial assets, at year-end		
Cash and cash equivalents		\$ 269,528
Grants and contributions receivable		<u>50,000</u>
Total financial assets		319,528
Less amounts not available to be used in one year		<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year		<u><u>\$ 319,528</u></u>

IHN has been able to maintain financial assets to meet approximately four months of operating expenses. As part of its liquidity plan, excess cash may be invested in short-term investments including money market accounts.

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**NOTE 6 FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management’s judgment about the assumptions that market participants would use in pricing the asset or liability.

	Total	Level 1	Level 2	Level 3
Assets:				
Certificates of deposit	\$ 213,709	\$ -	\$ 213,709	\$ -
Total assets measured at fair value	\$ 213,709	\$ -	\$ 213,709	\$ -

**NOTE 7 LOAN PAYABLE**

On May 8, 2020, IHN obtained a Paycheck Protection Program (“PPP”) loan in the amount of \$38,645 from the U.S. Small Business Administration. Interest on the loan may be charged at 1%. PPP loans were authorized by Congress in an effort to aid entities during the pandemic. The loan is subject to forgiveness if IHN has sufficient payroll, utilities, and other specified expenses.

**NOTE 8 RETIREMENT PLAN**

IHN has a SIMPLE IRA retirement plan for the benefit of its eligible employees who meet certain requirements. IHN’s contribution expense for the year ended June 30, 2020 was \$5,205 .

**INTERFAITH HOSPITALITY NETWORK OF THE MAIN LINE  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**NOTE 9            CONTRIBUTED GUEST LODGING AND OTHER SERVICES**

IHN has recognized the following contributed guest lodging and other services for the year ended June 30, 2020:

<u>Nature of Contribution</u>	<u>Fair Value</u>
Guest lodging	\$ 53,598
Guest meals	5,650
Household supplies	7,779
Gift cards	7,408
	<u>7,408</u>
	<u>\$ 74,435</u>

**NOTE 10          NET ASSETS**

Net assets with donor restrictions as of June 30, 2020 consist of the following:

Purpose:	
Emergency food and shelter	\$ 50,000
Playground equipment and furniture	8,857
Leadership	4,628
Time restriction	13,000
	<u>13,000</u>
	<u>\$ 76,485</u>

Net assets released from donor restrictions were as follows for the year ended June 30, 2020:

Purpose:	
Leadership	\$ 3,383
Time restriction	32,000
	<u>32,000</u>
	<u>\$ 35,383</u>

**NOTE 11          SUBSEQUENT EVENTS**

IHN has evaluated subsequent events through December 15, 2020 the date which the financial statements were available to be issued.