

INTERFAITH HOSPITALITY NETWORK
OF GREATER CINCINNATI

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010



MADDOX & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI
FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT
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MADDOX & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

I

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Interfaith Hospitality Network of Greater Cincinnati
Cincinnati, Ohio

We have audited the accompanying statement of financial position of Interfaith Hospitality Network of Greater Cincinnati (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Hospitality Network of Greater Cincinnati as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Maddox & Associates CPAs Inc.

Fort Thomas, KY
August 23, 2011

Interfaith Hospitality Network of Greater Cincinnati, Inc.
Statement of Financial Position
As of December 31, 2010

	Unrestricted	Temporarily Restricted	Total
<u>Assets</u>			
Cash	\$ 337,267	\$ 12,593	\$ 349,860
Grants receivable	-	9,166	9,166
Pledges receivable	-	15,724	15,724
Fixed Assets	1,038,879	-	1,038,879
less accumulated depreciation	(190,898)	-	(190,898)
Total Assets	1,185,248	37,483	1,222,731
<u>Liabilities</u>			
Accounts payable	6,726	-	6,726
Total Liabilities	6,726	-	6,726
<u>Net Assets</u>			
Unrestricted	1,178,522	-	1,178,522
Temporarily restricted	-	37,483	37,483
Total Net Assets	1,178,522	37,483	1,216,005
Total Liabilities and Net Assets	\$ 1,185,248	37,483	\$ 1,222,731

The accompanying footnotes are an integral part of these financial statements

Interfaith Hospitality Network of Greater Cincinnati, Inc.
Statement of Activities
For the year ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
<u>Public Support, Revenues and Reclassifications</u>			
Public Support			
Contributions	\$ 114,563	\$ -	\$ 114,563
United Way	65,284	-	65,284
Grants - Corporations and Foundations	-	143,184	143,184
Grants - Governmental	-	169,084	169,084
Revenues			
Interest	1,877	-	1,877
Special events	6,389	-	6,389
less related costs	(494)	-	(494)
Miscellaneous	6,680	-	6,680
Reclassifications			
Net assets released from restrictions:			
Satisfaction of usage requirements	336,733	(336,733)	-
Total Public Support, Revenues and Reclassifications	<u>531,032</u>	<u>(24,465)</u>	<u>506,567</u>
Functional Expenses			
Program services	419,111	-	419,111
Management & general	88,939	-	88,939
Fundraising	46,816	-	46,816
Total Functional Expenses	<u>554,866</u>	<u>-</u>	<u>554,866</u>
Change in Net Assets	(23,834)	(24,465)	(48,299)
Net Assets, Beginning of Year	1,202,356	61,948	1,264,304
Net Assets, End of Year	<u>\$ 1,178,522</u>	<u>\$ 37,483</u>	<u>\$ 1,216,005</u>

The accompanying footnotes are an integral part of these financial statements

Interfaith Hospitality Network of Greater Cincinnati, Inc.
Statement of Functional Expenses
For the year ended December 31, 2010

	Program Services	Management and General	Fundraising	Total
<u>Payroll and Related Expenses:</u>				
Salaries	\$ 239,445	\$ 38,429	\$ 17,737	\$ 295,611
Benefits-retirement	4,916	789	364	6,069
Benefits-health insurance	25,430	4,081	1,884	31,395
Payroll taxes	22,983	3,689	1,702	28,374
	<u>292,774</u>	<u>46,988</u>	<u>21,687</u>	<u>361,449</u>
<u>Facility:</u>				
Real estate taxes	161			161
Telephone & pager	8,058	1,293	597	9,948
Security	1,951	313	145	2,409
Building Maintenance	5,361	860	397	6,618
Utilities	13,459	2,160	997	16,616
Depreciation	19,845	3,185	1,470	24,500
Insurance	10,661	1,711	790	13,162
<u>Guest Services</u>				
Guest & Cot Transportation	28,569	-	-	28,569
Children Thriving program	4,949			4,949
Guest services - Other	10,815	-		10,815
<u>Professional</u>				
Bank charges	-	171	-	171
Accounting & payroll fees	-	4,886	-	4,886
Consultants		13,524	-	13,524
Professional fees			19,283	19,283
Information management	1,900	-		1,900
<u>Other</u>				
Supplies	6,047	970	448	7,465
Postage	2,927	470	217	3,613
Equipment rent & maintenance	2,682	430	199	3,311
Printing	5,257	844	389	6,490
Travel - Mileage	2,681	430	199	3,310
Conferences & Meetings	-	3,486	-	3,486
Dues	-	1,554	-	1,554
Miscellaneous	-	5,399	-	5,399
Public relations	1,015	-	-	1,015
Human Resource expense	-	263	-	263
Total Functional Expenses	\$ 419,111	\$ 88,939	\$ 46,816	\$ 554,866

The accompanying footnotes are an integral part of these financial statements

Interfaith Hospitality Network of Greater Cincinnati, Inc.
Statement of Cash Flows
For the year ended December 31, 2010

<u>Cash Flows from Operating Activities</u>	
Change in Net Assets	\$ (48,299)
Adjustments to Reconcile Excess of Revenues Over	
<u>Expenses to Net Cash Provided by Operating Activities</u>	
Depreciation	24,500
<u>(Increase) Decrease in:</u>	
Grants receivable	4,480
Pledges receivable	19,985
<u>Increase (Decrease) in:</u>	
Accounts payable	2,192
Net Cash Provided (Used) by Operating Activities	<u>2,858</u>
Cash Flows from Investing Activities	
Purchase of Fixed Assets	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Cash - Beginning of Year	347,002
Cash - End of Year	<u>\$ 349,860</u>
Supplementary Disclosure of Cash Flow Information:	
Cash Paid During the Year For:	
Interest	<u>\$ -</u>
Income Taxes	<u>\$ -</u>

The accompanying footnotes are an integral part of these financial statements

INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Interfaith Hospitality Network of Greater Cincinnati (the Organization) provides hospitality (food and shelter) to homeless families through accountable interfaith communities and helps those families find and retain permanent housing. The Organization teams homeless families with over 1,000 volunteers from 78 area religious congregations, 26 host congregations and 52 support congregations to provide needed food and shelter. Families with children are the fastest growing segment of the homeless population in Greater Cincinnati. The Organization is one of only 2 shelters (of more than 30 shelters in Cincinnati) that will house two parent families and families with teenage boys. Most guests are single parent mothers with children of all ages. In 2010, the Organization served up to 8 families each week, including 32 individuals, 64% of which were children.

Accounting System

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting. Contributions are recorded when received, unless susceptible to accrual.

Restricted Net Assets

Grants and other contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donation. When the donor restriction expires or the donation has been spent for the designated purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization reclassifies restricted support as unrestricted when the donor stipulation expires in the period the support was given. Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes as follows at December 31, 2010:

Program service restrictions accomplished	\$ 336,733
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Property and Equipment

Property and equipment includes expendable resources restricted for furniture and equipment. Expenditures for physical properties are stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation of physical properties is calculated on the straight-line method over the following estimated useful lives:

Furniture and equipment	5 years
Day Center Improvements	5 years
Buildings	50 years

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code. Therefore, no provision for income taxes has been made in these

INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI
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financial statements. The Organization is not a private foundation as defined by Section 509(a) of the Internal Revenue code. Newly effective accounting standards prescribe when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken in a tax return. The standards require that a tax position be recognized or derecognized base on a "more likely than not" threshold. Based on management's evaluation, the Organization does not believe its financial statements include any uncertain tax positions. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2010 or for the year then ended. The Organization's federal tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they are filed. As of December 31, 2010, the following tax years are subject to examination:

Jurisdiction	Tax Return	Open Years for Filed Returns	Return to be Filed in 2011
Federal	Form 990	2007 - 2009	2010

Donated Materials and Services

The Organization records the value of donated goods or services used in the operations of the Organization when there is an objective basis available to measure their value. Donated materials used by the Organization are reflected as contributions at their estimated value at date of receipt. No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Organization.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash in checking and savings accounts. Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - BUSINESS AND SUPPORT CONCENTRATIONS

The Organization receives support from businesses, foundations, trusts, and individuals in the Greater Cincinnati area, and from government grants. Two grants \$59,000 and

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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

\$49,996 respectively in 2010. No other sources provided more than 10% of total revenues for 2010.

NOTE C – GRANTS

Grants receivable are deemed to be fully collectible by management, and fair value approximates carrying value. Grants receivable are composed of the following:

U.S. Department of Housing and Urban Development	\$ 4,255
Bethany House pass through Grant	4,911
	\$ 9,166

Grant revenue – Governmental consists of the following:

U.S. Department of Housing and Urban Development	\$ 49,996
City of Cincinnati ESG	32,000
City of Cincinnati GFO	18,935
DOD Funds	25,480
Bethany House pass through Grant	34,220
Federal Emergency Mgt Program	8,453
	\$ 169,084

NOTE D – DONATED MEALS AND SHELTER

Religious congregations in the Greater Cincinnati area provide shelter and meals to homeless families through the programs offered by the Organization. Because the shelter and meals are provided directly to the homeless families, the in-kind value is not reflected in the Organization’s financial statements. Management estimates that over 7,200 shelter nights were provided in 2010, at an estimated value of \$40 per person per night, for a total estimated value of \$288,000.

NOTE E – LINE OF CREDIT

The Organization has a \$35,000 line of credit with a bank to be drawn down upon as needed, with an interest rate at 4% above prime. The line was issued August 2002, and has never been used. The purpose of the line of credit is to provide short-term working capital. As of December 31, 2010 there is no balance outstanding and the available balance is \$35,000.

NOTE F – RETIREMENT BENEFITS

The Organization implemented a retirement benefit plan for substantially all of its full time employees in early 2006. The defined contribution plan meets the requirements of a

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Savings Incentive Match Plan for Employees (SIMPLE) as defined by the Internal Revenue Service, and is funded by contributions from the Organization and employees. Employer contributions are 3% of compensation, and employees are vested immediately in employer contributions. The Organization contributed \$6,069 to the plan in 2010.

NOTE G – PLEDGES RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows at a discount rate of 3%. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. It is the opinion of management that the pledges receivable are fully collectible. Therefore, an allowance for uncollectible pledges has not been provided for in these financial statements.

Pledges receivable as of December 31, 2009 consist of the following:

Gross pledges	\$ 15,790
Less 3% discount to NPV	(66)
Pledges receivable-net	\$ 15,724

NOTE H – IN-KIND CONTRIBUTION OF BUILDING & GROUNDS

In January 2008, the Organization purchased for \$1 the property that it had been leasing from the religious congregation that owned the property. The deed conveys a one-half interest in the property to Interfaith Hospitality Network of Greater Cincinnati and a one-half interest to the Lower Price Hill Community School (LPHCS). LPHCS operates a community school in another building on the property, adjacent to the building used by the Organization. The Hamilton County Auditor has assessed the property at \$1,731,700 for real estate tax purposes. The 2008 financial statements reflected an in-kind donation of \$865,850 for one half of the assessed value, as the estimated value of donation to the Organization. The land and buildings are reported in these financial at the same value, \$865,850.

NOTE I – SUBSEQUENT EVENTS

Subsequent to year end, the Organization relocated their operations to a site that better serves their needs. Their ½ interest in the building and grounds in Note H will revert to LPHCS. The effect on the financial statements of this event will be a reduction in fixed

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assets of \$814,874 (net book value at December 31, 2010) and a corresponding decrease in unrestricted net assets.

NOTE J – DATE OF MANAGEMENT’S REVIEW

The Organization evaluated subsequent events through August 23, 2011, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment or disclosure within the financial statements.