

INTERFAITH HOSPITALITY NETWORK
OF GREATER CINCINNATI

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2009



Maddox & Associates CPAs Inc
Certified Public Accountants

1029 S Ft. Thomas Ave
Ft. Thomas, KY 41075

3863 Glenmore Ave
Cincinnati, OH 45211

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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, 2009, 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, 2009, and the results of its operations 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.

August 4, 2010

Interfaith Hospitality Network of Greater Cincinnati, Inc.
Statement of Financial Position
As of December 31, 2009

	Unrestricted	Temporarily Restricted	Total
<u>Assets</u>			
Cash	\$ 334,409	\$ 12,593	\$ 347,002
Grants receivable	-	13,646	13,646
Pledges receivable	-	35,709	35,709
Fixed Assets	1,038,879		1,038,879
less accumulated depreciation	(166,398)	-	(166,398)
Total Assets	1,206,890	61,948	1,268,838
<u>Liabilities</u>			
Accounts payable	4,534	-	4,534
Total Liabilities	4,534	-	4,534
<u>Net Assets</u>			
Unrestricted	1,202,356	-	1,202,356
Temporarily restricted	-	61,948	61,948
Total Net Assets	1,202,356	61,948	1,264,304
Total Liabilities and Net Assets	\$ 1,206,890	61,948	\$ 1,268,838

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, 2009

	Unrestricted	Temporarily Restricted	Total
<u>Public Support, Revenues and Reclassifications</u>			
Public Support			
Contributions	\$ 84,442	\$ -	\$ 84,442
United Way	63,343	-	63,343
Grants - Corporations and Foundations	-	164,178	164,178
Grants - Governmental	-	153,432	153,432
Revenues			
Interest	3,917	-	3,917
Special events	17,128	-	17,128
less related costs	(3,247)	-	(3,247)
Miscellaneous	9,132	-	9,132
Reclassifications			
Net assets released from restrictions:			
Satisfaction of usage requirements	268,255	(268,255)	-
Total Public Support, Revenues and Reclassifications	<u>442,970</u>	<u>49,355</u>	<u>492,325</u>
Functional Expenses			
Program services	423,713	-	423,713
Management & general	77,897	-	77,897
Fundraising	28,202	-	28,202
Total Functional Expenses	<u>529,812</u>	<u>-</u>	<u>529,812</u>
Change in Net Assets	(86,842)	49,355	(37,487)
Net Assets, Beginning of Year	1,289,198	12,593	1,301,791
Net Assets, End of Year	<u>\$ 1,202,356</u>	<u>\$ 61,948</u>	<u>\$ 1,264,304</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, 2009

	Program Services	Management and General	Fundraising	Total
<u>Payroll and Related Expenses:</u>				
Salaries	\$ 231,698	\$ 37,186	\$ 17,163	\$ 286,047
Benefits-retirement	4,044	649	300	4,992
Benefits-health insurance	23,017	3,694	1,705	28,416
Payroll taxes	24,190	3,882	1,792	29,864
	<u>282,948</u>	<u>45,411</u>	<u>20,959</u>	<u>349,319</u>
<u>Facility:</u>				
Real estate taxes	1,663			1,663
Telephone & pager	8,195	1,315	607	10,117
Security	1,516	243	112	1,872
Building Maintenance	12,612	2,024	934	15,570
Utilities	13,191	2,117	977	16,285
Depreciation	21,859	3,508	1,619	26,986
Insurance	10,222	1,641	757	12,620
<u>Guest Services</u>				
Guest & Cot Transportation	29,104	-	-	29,104
Children Thriving program	14,804			14,804
Guest services - Other	8,471	-		8,471
<u>Professional</u>				
Bank charges	-	572	-	572
Accounting & payroll fees	-	5,080	-	5,080
Consultants		8,450	-	8,450
Professional fees			1,009	1,009
Information management	1,900	-		1,900
<u>Other</u>				
Supplies	6,337	1,017	469	7,823
Postage	2,607	418	193	3,218
Equipment rent & maintenance	2,351	377	174	2,902
Printing	4,663	748	345	5,757
Travel - Mileage	608	98	45	751
Conferences & Meetings	-	1,423	-	1,423
Dues	-	1,675	-	1,675
Miscellaneous	-	1,445	-	1,445
Public relations	663	-	-	663
Human Resource expense	-	333	-	333
Total Functional Expenses	<u>\$ 423,713</u>	<u>\$ 77,897</u>	<u>\$ 28,202</u>	<u>\$ 529,812</u>

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, 2009

<u>Cash Flows from Operating Activities</u>	
Change in Net Assets	\$ (37,487)
<u>Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities</u>	
Depreciation	26,986
<u>(Increase) Decrease in:</u>	
Grants receivable	(54)
Pledges receivable	30,002
<u>Increase (Decrease) in:</u>	
Accounts payable	(9,424)
Net Cash Provided (Used) by Operating Activities	10,023
<u>Cash Flows from Investing Activities</u>	
Purchase of Fixed Assets	(7,983)
Net Cash Provided (Used) by Investing Activities	(7,983)
Cash - Beginning of Year	344,962
Cash - End of Year	\$ 347,002
<u>Supplementary Disclosure of Cash Flow Information:</u>	
Cash Paid During the Year For:	
Interest	\$ -
Income Taxes	\$ -

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, 2009

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Interfaith Hospitality Network of Greater Cincinnati provides hospitality (food and shelter) to homeless families through accountable interfaith communities and helps those families find and retain permanent housing. Interfaith Hospitality Network of Cincinnati 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. IHN 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 2009, 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, 2009:

Program service restrictions accomplished	\$ 268,255
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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

INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 financial statements. The Organization is not a private foundation as defined by Section 509(a) of the Internal Revenue code.

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 a checking account and savings account. 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. The three largest funders provided \$59,335, \$53,613 and \$50,000 respectively in 2009. No other funders provided more than 10% of total revenues for 2009.

INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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:

Ten Thousand Villages	\$ 1,549
U.S. Department of Housing and Urban Development	4,255
Bethany House pass through Grant	<u>7,842</u>
	<u>\$13,646</u>

Grant revenue – Governmental consists of the following:

U.S. Department of Housing and Urban Development	\$ 53,613
City of Cincinnati	48,075
Bethany House pass through Grant	40,083
Federal Emergency Mgt Program	<u>11,661</u>
	<u>\$ 153,432</u>

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 2009, 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, 2009 there is no balance outstanding and the available balance is \$35,000.

INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 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 \$4,992 to the plan in 2009.

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	\$ 36,105
Less 3% discount to NPV	<u>(396)</u>
Pledges receivable-net	<u>\$ 35,709</u>

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.