

# **Inter-Faith Community Services**

---

**Financial Statements and Report  
of  
Independent Certified Public Accountants**

**August 31, 2015**

# Table of Contents

	<b>Page</b>
<b>Report of Independent Certified Public Accountants .....</b>	<b>1</b>
 <b>Financial Statements</b>	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Cash Flows .....	4
Statement of Functional Expenses .....	5
Notes to Financial Statements .....	6



**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## Report of Independent Certified Public Accountants

Board of Directors  
Inter-Faith Community Services

We have audited the accompanying consolidated financial statements of Inter-Faith Community Services (a nonprofit organization) which comprise the statement of financial position as of August 31, 2015, 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inter-Faith Community Services as of August 31, 2015, 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.

Littleton, Colorado  
January 22, 2016

**Inter-Faith Community Services**  
**Statement of Financial Position**  
**As of August 31, 2015**

**Assets**

Current Assets

Cash & cash equivalents	\$ 86,395
Cash & cash equivalents—temporarily restricted (Note 12)	11,487
Investments	265,332
Accounts receivable	25,016
Deposits	2,850
Gift certificates	<u>12,900</u>

Total Current Assets	<u>403,980</u>
----------------------	----------------

Property and Equipment—net (Note 4)	61,533
-------------------------------------	--------

Total Assets	<u><u>\$ 465,513</u></u>
--------------	--------------------------

**Liabilities and Net Assets**

Current Liabilities

Accounts Payable	\$ 4,087
Accrued payroll liabilities	19,338
Deferred revenue (Note 5)	21,488
Current portion of capital lease obligation	<u>4,341</u>

Total Current Liabilities	<u>49,254</u>
---------------------------	---------------

Capital Lease Obligation (Note 7)	<u>8,819</u>
-----------------------------------	--------------

Net Assets

Unrestricted — undesignated	381,032
— designated (Note 11)	<u>14,921</u>
Total Unrestricted Net Assets	<u>395,953</u>
Temporarily restricted net assets (Note 12)	<u>11,487</u>

Total Net Assets	<u>407,440</u>
------------------	----------------

Total Liabilities and Net Assets	<u><u>\$ 465,513</u></u>
----------------------------------	--------------------------

The accompanying notes are an integral part of these financial statements.

**Inter-Faith Community Services**  
**Statement of Activities**  
**For the Year Ended August 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenue</b>			
Individual contributions	\$ 158,345	\$ 200	\$ 158,545
Memorial contributions	68,414	-	68,414
Community organizations	44,104	-	44,104
Corporate contributions	17,999	-	17,999
Foundation grants	102,821	-	102,821
Energy Outreach Colorado	55,640	-	55,640
County and municipal governments	138,265	-	138,265
Government grants - Homeless prevention programs	90,429	-	90,429
18th Judicial District - VALE income	57,773	-	57,773
Fundraising events (net of \$32,600 expenses)	149,329	-	149,329
Reimbursement income	1,675	-	1,675
Miscellaneous income	16,993	-	16,993
Interest income	5,960	-	5,960
Gain (Loss) on investment	(12,209)	-	(12,209)
Clothing sales	2,475	-	2,475
In-kind contributions (Note 9)	1,029,370	-	1,029,370
Release from restrictions	887	(887)	-
	<u>1,928,270</u>	<u>(687)</u>	<u>1,927,583</u>
<b>Expenses</b>			
Program services	1,667,369	-	1,667,369
Management and General	21,790	-	21,790
Fundraising	191,202	-	191,202
	<u>1,880,361</u>	<u>-</u>	<u>1,880,361</u>
Change in Net Assets	47,909	(687)	47,222
Net Assets, beginning of period	<u>348,044</u>	<u>12,174</u>	<u>360,218</u>
Net Assets, end of period	<u>\$ 395,953</u>	<u>\$ 11,487</u>	<u>\$ 407,440</u>

The accompanying notes are an integral part of these financial statements.

**Inter-Faith Community Services**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2015**

**Increase (Decrease) in Cash**

Cash Flows from Operating Activities:

Cash received from donors	\$ 885,422
Cash paid to suppliers	(857,598)
Interest and dividends received	<u>5,960</u>

Net Cash From Operating Activities 33,784

Cash Flows from Investing Activities:

Purchase of furniture and equipment	(8,128)
Purchase of investments	<u>(73)</u>

Net Cash From Investing Activities (8,201)

**Net Change in Cash** 25,583

Cash—beginning of year 71,831

Cash—end of year \$ 97,414

Presented on Statement of Financial Position as:

Cash and Cash Equivalents	\$ 86,395
Cash & cash equivalents—temporarily restricted	\$ 11,487

**Reconciliation of Change in Net Assets**

**Net Cash From Operating Activities:**

Change in Net Assets \$ 47,222

Adjustments to reconcile change in net assets to net cash from operating activities:

Depreciation 13,758

Changes in assets and liabilities:

Change in accounts receivable (19,041)

Change in prepaid expenses (1,350)

Change in gift certificates (2,908)

Change in accounts payable (18)

Change in accrued payroll liabilities 291

Change in deferred grants 1

Change in lease commitments (4,171)

Total Adjustments (13,438)

**Net Cash From Operating Activities** \$ 33,784

**Supplementary Cash Flow Information**

\$1,029,370 of in-kind donations and expenditures have been eliminated from cash received from donors and paid to suppliers.

The accompanying notes are an integral part of these financial statements.

**Inter-Faith Community Services**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2015**

	<u>Program Services</u>		<u>Total</u>
	<u>General Assistance</u>	<u>Enrichment Programs</u>	<u>Program Services</u>
Salaries	\$ 276,378	\$ -	\$ 276,378
Payroll taxes and Workmen's Comp.	22,553	-	22,553
Employee benefits	<u>13,825</u>	<u>-</u>	<u>13,825</u>
Total salaries and related expenses	312,756	-	312,756
General and medical assistance	138,634	-	138,634
Food and clothing	701,448	329,400	1,030,848
Recruitment, training & development	581	-	581
Meetings and mileage	846	-	846
Utilities	6,551	-	6,551
Accounting and auditing	-	-	-
Advertising, promotion & printing	1,194	-	1,194
Postage	1,937	-	1,937
Insurance	-	-	-
Dues and subscriptions	75	-	75
Operating supplies	888	-	888
Maintenance and repairs	9,880	-	9,880
Vehicle costs	2,916	-	2,916
Rental assistance	13,370	-	13,370
Equipment expenses	-	-	-
Computer expenses	991	-	991
Contract services	-	-	-
HUDSHP costs	9,135	-	9,135
TVI expenses	1,711	-	1,711
Miscellaneous	3,824	-	3,824
Telephone	-	-	-
Overhead allocation	<u>131,232</u>	<u>-</u>	<u>131,232</u>
Total expenses before depreciation	1,337,969	329,400	1,667,369
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$1,337,969</u>	<u>\$ 329,400</u>	<u>\$1,667,369</u>

The accompanying notes are an integral part of these financial statements.

<b>Supporting Services</b>		<b>Total Expenses</b>
<b>Management &amp; General</b>	<b>Development/ Fundraising</b>	
\$ 36,748	\$ 115,806	\$ 428,932
10,056	9,155	41,764
<u>30,558</u>	<u>-</u>	<u>44,383</u>
77,362	124,961	515,079
-	-	138,634
19	25	1,030,892
916	-	1,497
139	1,882	2,867
2,807	-	9,358
22,778	-	22,778
1,112	5,577	7,883
861	2,369	5,167
12,256	-	12,256
1,986	985	3,046
1,593	-	2,481
11,292	-	21,172
-	-	2,916
-	-	13,370
(2,176)	-	(2,176)
17,485	-	18,476
33,275	-	33,275
-	-	9,135
-	-	1,711
3,324	1,399	8,547
8,239	-	8,239
<u>(185,236)</u>	<u>54,004</u>	<u>-</u>
8,032	191,202	1,866,603
<u>13,758</u>	<u>-</u>	<u>13,758</u>
<u>\$ 21,790</u>	<u>\$ 191,202</u>	<u>\$ 1,880,361</u>



# **Inter-Faith Community Services**

## **Notes to Financial Statements**

### **August 31, 2015**

---

#### **1. Organization**

---

Inter-Faith Community Services (IFCS) was incorporated in 1968 for the general purpose of alleviation of poverty and the conditions of poverty in western and unincorporated Arapahoe and northern Douglas Counties, through support from individuals, local businesses, churches, governments, and civic groups. This purpose is accomplished through IFCS' Homeless Prevention Programs, Financial Assistance Programs, Hunger Prevention Program, Enrichment Programs, Senior Programs, and other assistance.

#### **2. Summary of Significant Accounting Policies**

---

##### **Basis of Presentation**

The Organization prepares its financial statements on the accrual basis of accounting.

##### **Property and Equipment**

Property and equipment are stated at cost for purchased items and at fair market value at date of gift for donated items, net of accumulated depreciation. Repairs and maintenance are charged to expense as incurred, while expenditures for major improvements and purchases of property and equipment over \$1,000 are capitalized. Gains and losses from retirement or replacement of property and equipment are reflected in operations.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis. These useful lives range from five to fifteen years for furniture and equipment, and five to forty years for building and related improvements.

##### **Income Taxes**

IFCS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. During 2015, IFCS had no unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. IFCS's federal tax return (Form 990) for 2015 is subject to examination by the IRS, generally for three years after it is filed.

**Inter-Faith Community Services**  
**Notes to Financial Statements**  
**August 31, 2015**

---

**2. Summary of Significant Accounting Policies (continued)**

---

**Use of Estimates**

The preparation of these financial statements requires the use of estimates and assumptions. The estimates and assumptions result in approximate rather than exact amounts.

**Cash and Cash Equivalents**

The organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances, less any allowances for doubtful accounts. Allowances are based on experience and other circumstances that may affect the ability of donors to meet obligations. As of August 31, 2015, management has determined that no allowance is necessary.

**Fair Value of Financial Instruments**

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, certificates of deposit, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**Program Services**

The Organization's program services are made up of two categories:

General assistance: provides qualifying families assistance with utilities, rent and mortgages along with a transitional housing program designed to move families from homelessness to permanent affordable housing.

Enrichment program: provides eligible families and seniors Thanksgiving and Christmas meals through their Holiday program. They also provide K-8 children in low income families with the necessary school supplies in the Ready, Set, School! program.

**Subsequent Events**

Management has evaluated subsequent events through January 22, 2016, the date which the financial statements were available to be issued. Effective January 1, 2016, the Organization changed their name to: Integrated Family Community Services.

# Inter-Faith Community Services

## Notes to Financial Statements

### August 31, 2015

---

### 3. Investments

---

Accounting standards for investments provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments are carried at fair value as of August 31, 2015 as follows:

**Level 1**

Equities	\$ 40,115
Mutual funds	220,968
Certificates of Deposit	<u>4,249</u>
Total Investments	<u>\$ 265,332</u>

Unrealized investment losses for the year ending August 31, 2015 amounted to \$12,209 and are recorded as Gain on Investment on the Statement of Activities.

**Inter-Faith Community Services**  
**Notes to Financial Statements**  
**August 31, 2015**

**4. Property and Equipment**

Property and equipment consisted of the following items at August 31, 2015:

Building and improvements	\$ 226,997
Furniture and fixtures	2,102
Computer and office equipment	<u>47,412</u>
Total	276,511
Less accumulated depreciation	<u>(214,978)</u>
Net property and equipment	<u>\$ 61,533</u>

Depreciation expense for the year ended August 31, 2015 was \$13,758.

**5. Deferred Revenue**

Total deferred revenue (revenue received during the fiscal year but applicable to other than fiscal year operations) recorded as of August 31, 2015, are summarized as follows:

	<u>Deferred Grant Funds</u>
ARAPAHOE COUNTY	\$ 6,667
VALE	9,017
EOC	4,637
HPAP	<u>1,167</u>
Total	<u>\$ 21,488</u>

**6. Commitments & Contingencies**

Effective June 1, 2013, IFCS entered into an operating lease for credit card processing equipment with a 48 month term. The lease calls for monthly payments of \$26. IFCS also entered into a 36 month operating lease for a postage meter. The lease requires monthly payments of \$38. Total expenses related to these leases for the year ended August 31, 2015 were \$767. A schedule of future minimum annual lease payments is as follows:

<u>Year ending June 30,</u>	
2016	\$ 654
2017	<u>234</u>
	<u>\$ 888</u>

**Inter-Faith Community Services**  
**Notes to Financial Statements**  
**August 31, 2015**

---

**7. Capital Lease Obligation**

---

In May 2013, the Organization ended an operating lease arrangement and entered into a new capital lease arrangement for a copier. The capital lease requires monthly payments of \$399 per month, through August 2018. The gross amount of the asset capitalized under this arrangement was \$22,639. The lease has an imputed interest rate of 4%.

Total future minimum lease payments	\$ 13,965
Less: interest	<u>(805)</u>
Present value of minimum lease payments	13,160
Less: Current obligation under capital leases	<u>(4,341)</u>
Long-term obligations under capital leases	<u>\$ 8,819</u>

Future annual maturities of capital lease obligations outstanding as of August 31, 2015, are as follows:

<u>Year ending August 31,</u>	
2016	\$ 4,341
2017	4,517
2018	<u>4,302</u>
	<u>\$ 13,160</u>

---

**8. Related-Party Transactions**

---

Board members participated in various volunteer and fundraising activities. In addition, board members contributed financially to IFCS. Unrestricted cash contributions of \$12,200 were made by the board members for the year ended August 31, 2015.

**Inter-Faith Community Services**  
**Notes to Financial Statements**  
**August 31, 2015**

---

**9. In-Kind Contributions**

---

IFCS receives donated materials, furniture and equipment, services, and facility usage in substantial amounts in furtherance of various programs. These items are recorded in the financial records as they relate to ongoing activities of IFCS and an objective value can be assigned. The following amounts have been recorded in the accompanying financial statements for the year ended August 31, 2015:

Food & Clothing	\$ 687,993
Mother's Day	7,500
Ready, Set, School	144,450
Holiday Programs	177,450
Gift Certificates	10,017
Gift of Hearing	<u>1,960</u>
Total in-kind contributions	<u>\$ 1,029,370</u>

A substantial amount of volunteer time has been donated by community organizations and individuals in furtherance of IFCS programs, fund raising campaigns, and activities which do not meet financial statement recognition criteria. Valued at minimum wage, these volunteer hours have been estimated to be worth \$191,379.

---

**10. Employee Benefit Plan**

---

Any full-time, year-round employee is eligible to participate in a 403(b) employee benefit program. IFCS contributes up to 9 percent of an eligible employee's gross salary toward the plan. Employees are fully vested upon participation in the program. Employees are not eligible to receive a cash distribution in lieu of the amount contributed by IFCS. Total contributions by IFCS for employees for the year ended August 31, 2015 was \$13,825.

---

**11. Board Designated Funds**

---

The board has designated unrestricted net assets for the following purposes:

General operating reserve	\$ 4,242
Capital reserve	<u>10,672</u>
Total designated unrestricted net assets	<u>\$ 14,921</u>

**Inter-Faith Community Services**  
**Notes to Financial Statements**  
**August 31, 2015**

---

**12. Temporarily Restricted Net Assets and Restricted Cash**

---

Temporarily restricted net assets are listed below by program:

Food for Learning	\$ 1,111
Sargent Fund	<u>10,376</u>
Total temporarily restricted net assets	<u>\$ 11,487</u>

These funds were required to be placed into a separate bank account by the donor agreements, and presented as a component of temporarily restricted cash. The funds are restricted by purpose for the listed programs.