

**INLAND VALLEY COUNCIL OF CHURCHES
DBA: INLAND VALLEY HOPE PARTNERS**

FINANCIAL STATEMENTS

**YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2018)**



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**INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Valley Council of Churches
dba: Inland Valley Hope Partners
Pomona, California

Report on the Financial Statements

We have audited the accompanying financial statements of Inland Valley Council of Churches dba: Inland Valley Hope Partners (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows 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.

Auditors' 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 auditors' 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 the Organization as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and expressed an unmodified opinion on those audited statements in our report dated October 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
October 4, 2019

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 129,058	\$ 97,478
Grants Receivable	298,773	127,637
Prepaid Expenses	1,799	3,598
Contributions Receivable	23,352	27,139
Investments, at Fair Value (Note 4)	325,625	309,968
Total Current Assets	778,607	565,820
ASSETS - NONCURRENT		
Property and Equipment, Net (Note 5)	682,465	701,663
Right of Use Asset, Net (Note 5)	15,708	-
Total Assets Noncurrent	698,173	701,663
Total Assets	\$ 1,476,780	\$ 1,267,483
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 1,808
Accrued Liabilities	26,482	34,841
Capital Lease Obligation - Current (Note 6)	4,404	3,704
Total Current Liabilities	30,886	40,353
CAPITAL LEASE OBLIGATION - NONCURRENT (NOTE 6)	9,788	-
NOTES PAYABLE - NONCURRENT	200,000	200,000
Total Liabilities	240,674	240,353
NET ASSETS		
Without Donor Restriction - Undesignated	191,613	193,887
Without Donor Restriction - Board-Designated Reserve	9,858	9,858
Without Donor Restriction - Property and Equipment, Net	682,465	701,663
With Donor Restriction	352,170	121,722
Total Net Assets	1,236,106	1,027,130
Total Liabilities and Net Assets	\$ 1,476,780	\$ 1,267,483

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2018)

	Without Donor Restriction	With Donor Restriction	2019	2018
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions	\$ 202,359	\$ -	\$ 202,359	\$ 244,148
In-Kind Donations	378,629	-	378,629	251,456
Foundations and Organizations	287,208	45,000	332,208	357,071
United Way	7,500	-	7,500	7,500
Government Grants	274,947	307,170	582,117	377,687
Special Events (Net of Direct Expenses)	79,514	-	79,514	89,043
Total Public Support	<u>1,230,157</u>	<u>352,170</u>	<u>1,582,327</u>	<u>1,326,905</u>
Revenue:				
Rental Income and Fees	22,284	-	22,284	12,000
Farmer's Market	29,983	-	29,983	43,644
Interest Income	178	-	178	387
Investment Return, Net (Note 4)	18,721	-	18,721	9,246
Miscellaneous	6,760	-	6,760	4,000
Total Revenue	<u>77,926</u>	<u>-</u>	<u>77,926</u>	<u>69,277</u>
Total Public Support and Revenue	1,308,083	352,170	1,660,253	1,396,182
NET ASSETS RELEASED FROM RESTRICTIONS	<u>121,722</u>	<u>(121,722)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenue, and Net Assets Released from Restrictions	1,429,805	230,448	1,660,253	1,396,182
EXPENSES				
Program Services:				
Food Security	698,157	-	698,157	584,124
Housing	418,168	-	418,168	517,202
Farmer's Market	98,210	-	98,210	55,939
Total Program Services	<u>1,214,535</u>	<u>-</u>	<u>1,214,535</u>	<u>1,157,265</u>
Support Services:				
Management and General	162,514	-	162,514	90,188
Fundraising	74,228	-	74,228	103,272
Total Support Services	<u>236,742</u>	<u>-</u>	<u>236,742</u>	<u>193,460</u>
Total Expenses	<u>1,451,277</u>	<u>-</u>	<u>1,451,277</u>	<u>1,350,725</u>
CHANGE IN NET ASSETS	(21,472)	230,448	208,976	45,457
Net Assets, Beginning of Year	<u>905,408</u>	<u>121,722</u>	<u>\$ 1,027,130</u>	<u>981,673</u>
NET ASSETS, END OF YEAR	<u>\$ 883,936</u>	<u>\$ 352,170</u>	<u>\$ 1,236,106</u>	<u>\$ 1,027,130</u>

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2018)

	Program Services				Support Services			Total Expenses	
	Food Security Programs	Housing Programs	Farmer's Market	Total Program Expenses	Management and General	Fundraising	Total Support Expenses	2019	2018
PERSONNEL EXPENSES									
Salaries Expense	\$ 149,017	\$ 97,296	\$ 17,968	\$ 264,281	\$ 63,407	\$ 42,499	\$ 105,906	\$ 370,187	\$ 390,256
Employee Benefits Expense	14,820	12,273	-	27,093	12,441	13,472	25,913	53,006	61,660
Payroll Taxes	16,741	6,454	2,124	25,319	4,836	396	5,232	30,551	31,890
Total Personnel Expenses	180,578	116,023	20,092	316,693	80,684	56,367	137,051	453,744	483,806
NONPERSONNEL EXPENSES									
Automobile Expenses	8,505	76	59	8,640	296	56	352	8,992	14,190
Board/Volunteer/Staff Dev.	51	-	-	51	890	97	987	1,038	3,525
Direct Client Services	426,516	210,860	21,971	659,347	-	-	-	659,347	543,958
Occupancy	40,315	58,372	12,865	111,552	10,515	10,515	21,030	132,582	132,000
Office/Technology	21,062	14,239	6,707	42,008	7,888	5,521	13,409	55,417	48,467
Depreciation	-	-	-	-	54,581	-	54,581	54,581	44,396
Interest	-	-	-	-	1,744	-	1,744	1,744	-
Professional Services	4,476	6,396	25,741	36,613	3,500	1,946	5,446	42,059	41,944
Special Events/Marketing	16,654	12,202	10,775	39,631	2,416	14,264	16,680	56,311	50,169
Total Nonpersonnel Expenses	517,579	302,145	78,118	897,842	81,830	32,399	114,229	1,012,071	878,649
Less: Special Event Expenses	-	-	-	-	-	(14,538)	-	(14,538)	(11,730)
Total Functional Expenses	<u>\$ 698,157</u>	<u>\$ 418,168</u>	<u>\$ 98,210</u>	<u>\$ 1,214,535</u>	<u>\$ 162,514</u>	<u>\$ 74,228</u>	<u>\$ 251,280</u>	<u>\$ 1,451,277</u>	<u>\$ 1,350,725</u>

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 208,976	\$ 45,457
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	54,581	44,396
Unrealized (Gain)/Loss on Investments	(11,560)	(3,766)
Change in Operating Assets:		
Grants Receivable	(171,136)	51,685
Contributions Receivable	3,787	2,160
Deposits and Prepaid Expenses	1,799	1,799
Change in Operating Liabilities:		
Accounts Payable	(1,808)	1,808
Accrued Liabilities	(8,359)	6,992
Net Cash Provided (Used) by Operating Activities	76,280	150,531
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(31,456)	(150,333)
Proceeds from Sale of Investments	56,953	65,208
Purchases of Investments	(61,050)	(98,277)
Net Cash Provided (Used) by Investing Activities	(35,553)	(183,402)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Capital Lease Obligations	(9,147)	(4,979)
Payment of Notes Payable	-	(39,588)
Net Cash Provided (Used) by Financing Activities	(9,147)	(44,567)
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,580	(77,438)
Cash and Cash Equivalents - Beginning of Year	97,478	174,916
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 129,058	\$ 97,478
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest on Notes Payable	\$ 1,744	\$ 449
Right of Use Asset From Lease Agreement	\$ 19,635	\$ -

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Inland Valley Council of Churches dba: Inland Valley Hope Partners (the Organization) was organized in 1968 and is comprised of member churches that work with synagogue, businesses, and community groups to address hunger and homelessness in the community. The Organization provides hunger, shelter, and transitional housing programs for families and individuals in need and seeks to build client self-sufficiency through the following programs:

- Direct food assistance
- Emergency housing
- Advocacy support
- Classes in budgeting, tenant rights, and parenting; drug and alcohol education
- Weekly support groups; counseling

The Organization also sponsors a certified farmer's market to assist local farmers and increase the local low-income residents' access to fresh fruits and vegetables.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Use of 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 the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Cash and Cash Equivalents

The Organization defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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. Net assets are June 30, 2019 subject to donor restrictions are as follows:

Subject to Expenditure for Specified Purpose:	
Community Foundations of Riverside and San Bernardino Counties	\$ 15,000
HEAP - Bridge Housing Project	307,170
Subject to the Passage of Time:	
Rose Hills Foundation	30,000
Total	<u>\$ 352,170</u>

Grants Receivable

Grants receivable represent amounts due from governmental agencies. Management believes that all receivables are fully collectible, therefore no provisions for uncollectible accounts were recorded.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost if purchased or at estimated fair market value if donated. Such donations are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The Organization capitalizes all expenditures for land, buildings, and equipment in excess of \$1,000.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Certain reclassifications have been made to the 2018 financial information to conform to the 2019 presentation.

Contributed Assets and Services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received.

Investments

Investments are recorded at fair value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statement of activities if they are material.

Revenue Recognition

Revenues are received primarily from contributions and government grants. Contributions restricted by the donor for a specific purpose are deemed to be earned and reported as revenue when the gift is received or pledged. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without restriction.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts

The liability and related expenses for grants and contracts are recorded when incurred. Grant and contract revenues for cost reimbursement awards are recognized to the extent of the eligible expenses incurred.

Income Taxes

The Organization is a nonprofit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The Organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The Organization files and exempt Organization return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842) Effective for fiscal years beginning after December 15, 2019 for public entities and December 15, 2020 for nonpublic entities, that requires lessees to recognize the assets and liabilities arising from all leases on the statement of financial position. A lessee should recognize the liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The Organization has early implemented ASU 2016-02 for a lease executed during this fiscal year and have adjusted the presentation in these financial statements accordingly (see Note 9).

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 4, 2019, the date these financial statements were available to be issued.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<u>Year Ending June 30, 2019</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 129,058
Accounts Receivable	298,773
Operating Investments	325,625
Less: Board-Designated Net Assets	(9,858)
Total	\$ 743,598

As part of liquidity management plan, the Organization invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$9,858 as of June 30, 2019.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposits Insurance Corporation insurance limit. The Organization has not incurred losses related to these investments.

NOTE 4 INVESTMENTS

Investments are stated at fair value as follows:

	<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds (Level 1)	\$ 307,520	\$ 325,625
Total	\$ 307,520	\$ 325,625
	<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds (Level 1)	\$ 304,313	\$ 309,968
Total	\$ 304,313	\$ 309,968

Levels 1 through Level 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

- Level 1* – quoted prices in an active market for identical assets.
- Level 2* – quoted prices for similar assets and market-corroborated inputs.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 INVESTMENTS (CONTINUED)

Level 3 – the organization’s own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

All investment returns are classified as unrestricted. The following summarizes the investment return:

	<u>2019</u>	<u>2018</u>
Dividend Income	\$ 7,161	\$ 5,480
Unrealized Gain/(Loss)	11,560	3,766
Total	<u>\$ 18,721</u>	<u>\$ 9,246</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2019</u>	<u>2018</u>
Nondepreciable Assets:		
Land	\$ 152,385	\$ 152,385
Construction in Progress	34,424	7,555
Total Nondepreciable Assets	<u>186,809</u>	<u>159,940</u>
Depreciable Assets:		
Buildings	347,615	347,615
Leasehold Improvements	301,322	301,322
Equipment	152,638	171,170
Right of Use Asset	19,635	-
Vehicles	119,846	125,846
Total Depreciable Assets	<u>941,056</u>	<u>945,953</u>
Total Property, and Equipment	1,127,865	1,105,893
Less: Accumulated Depreciation	<u>(429,692)</u>	<u>(404,230)</u>
Property and Equipment, Net	<u>\$ 698,173</u>	<u>\$ 701,663</u>
Depreciation Expense	<u>\$ 54,581</u>	<u>\$ 37,686</u>

NOTE 6 LONG-TERM DEBT

In February 2013, the Organization obtained a promissory note payable to Richard D. Frame Charitable Remainder Unitrust for \$200,000. However, the irrevocable charitable trust also signed in February 2013, stated that the Organization will not have to pay principal or accrued interest during the life of the note. At the termination of the charitable trust, this promissory note will be forgiven, releasing the Organization of this debt.

The Organization has a capital lease agreement for equipment. The capitalized lease cost of the equipment was \$23,121. Capital lease amortization is included with depreciation expense in the statement of activities. The interest recorded as of June 30, 2019 is \$1,744.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 LONG-TERM DEBT (CONTINUED)

Future payments on this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 4,404
2021	4,404
2022	4,404
2023	4,404
2024	2,569
Total Future Payments	<u>\$ 20,185</u>
Interest Included	<u>(5,993)</u>
Total Lease Liabilities	<u><u>\$ 14,192</u></u>

NOTE 7 PENSION PLAN

The Organization has established a defined contribution pension plan for the benefit of its employees. The plan is contributory and is administered by the Organization. VOYA Financial is the plan custodian. Under the plan an employee may put a pre-tax amount into his/her account. The Organization matches employee contributions by 25% (up to 8% of the employee's annual salary). An employee must have one year of service to receive the employer match. The Organization contributed \$3,160 in matching contributions to the plan \$3,160 in 2019 and \$5,543 in 2018.

NOTE 8 IN-KIND DONATIONS

The Organization receives in-kind rent and utilities for shelter and rooms. The value of such in-kind donations is recorded as contribution revenue and occupancy expense. In addition, the Organization receives in-kind food, supplies, and counseling services. The value of such in-kind donations is recorded as contribution revenue. The value of in-kind rent, utilities, food, and services received for the year ended June 30, 2019 and 2018 was \$378,629 and \$251,456, respectively.

The Organization receives in-kind donations as follows:

- Supplies – Various supplies and goods are received from Shelter Partnerships, Inc. The value of such items is \$14,643.
- Food – The Organization receives on average some 5,000 pounds of food from the USDA on a weekly basis. The estimated value of this food is \$332,216. In addition, many food drives were conducted during the year ended June 30, 2019.
- Services – The Organization receives professional counseling services, the estimated value of these services is \$4,770.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 COMMITMENTS AND CONTINGENCIES

Obligations Under Operating Leases

Administrative and Shelter Offices

The Organization leases its administrative office space and shelter office space from First Christian Church, which the owner is a board member (related-party) of the Organization, for \$5,700 per month on annual basis. Of this amount, an in-kind donation of \$2,250 a month or \$27,000 a year is provided from the First Christian Church. The lease period is from July 1 through June 30, 2019. The lease is renewed through June 30, 2020 and the future minimum lease payment is \$53,400.

Contracts

Amounts received or receivable from grantor agencies are subject to audit and review by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Organization. The amount, if any, of expenses which may be disallowed by the grantor is not determinable although the Organization expects such amounts if any, to be immaterial.

NOTE 10 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, pension expense, other employee benefits, payroll taxes which are allocated on the basis of estimates of time and effort. In addition, occupancy, office expenses and technology, insurance and some professional service fees were allocated using the organization's simplified allocation method which indicates major program functions benefit from the indirect costs to approximately the same degree and the cost to each program were equitably distributed.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

