

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

FINANCIAL STATEMENTS

**YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED JUNE 30, 2019)**



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**INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

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

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, 2020, 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.

Board of Directors
Inland Valley Council of Churches
dba: Inland Valley Hope Partners

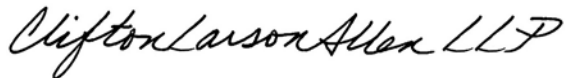
Opinion

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, 2020, 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 2019 financial statements, and expressed an unmodified opinion on those audited statements in our report dated October 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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
September 21, 2020

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 271,277	\$ 129,058
Grants Receivable	153,582	298,773
Prepaid Expenses	-	1,799
Contributions Receivable	198,027	23,352
Investments, at Fair Value (Note 4)	331,137	325,625
Total Current Assets	954,023	778,607
ASSETS - NONCURRENT		
Property and Equipment, Net (Note 5)	651,954	682,465
Right of Use Asset, Net (Note 5)	11,781	15,708
Total Assets Noncurrent	663,735	698,173
Total Assets	\$ 1,617,758	\$ 1,476,780
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Liabilities	\$ 35,243	\$ 26,482
Capital Lease Obligation - Current (Note 6)	4,404	4,404
Total Current Liabilities	39,647	30,886
CAPITAL LEASE OBLIGATION - NONCURRENT (NOTE 6)	6,223	9,788
NOTES PAYABLE - NONCURRENT	200,000	200,000
Total Liabilities	245,870	240,674
NET ASSETS		
Without Donor Restriction - Undesignated	308,783	191,613
Without Donor Restriction - Board-Designated Reserve	9,858	9,858
Without Donor Restriction - Property and Equipment, Net	651,954	682,465
With Donor Restriction	401,293	352,170
Total Net Assets	1,371,888	1,236,106
Total Liabilities and Net Assets	\$ 1,617,758	\$ 1,476,780

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	Without Donor Restriction	With Donor Restriction	2020	2019
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions	\$ 303,412	\$ -	\$ 303,412	\$ 202,359
In-Kind Donations	286,415	-	286,415	378,629
Foundations and Organizations	357,446	135,549	492,995	332,208
United Way	-	-	-	7,500
Government Grants	306,580	173,116	479,696	582,117
Special Events (Net of Direct Expenses)	55,610	-	55,610	79,514
Total Public Support	<u>1,309,463</u>	<u>308,665</u>	<u>1,618,128</u>	<u>1,582,327</u>
Revenue:				
Rental Income and Fees	14,000	-	14,000	22,284
Farmer's Market	19,050	-	19,050	29,983
Interest Income	193	-	193	178
Investment Return, Net (Note 4)	8,711	-	8,711	18,721
Miscellaneous	-	-	-	6,760
Total Revenue	<u>41,954</u>	<u>-</u>	<u>41,954</u>	<u>77,926</u>
Total Public Support and Revenue	1,351,417	308,665	1,660,082	1,660,253
NET ASSETS RELEASED FROM RESTRICTIONS	<u>259,542</u>	<u>(259,542)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenue, and Net Assets Released from Restrictions	1,610,959	49,123	1,660,082	1,660,253
EXPENSES				
Program Services:				
Food Security	698,474	-	698,474	698,157
Housing	497,169	-	497,169	418,168
Farmer's Market	82,224	-	82,224	98,210
Total Program Services	<u>1,277,867</u>	<u>-</u>	<u>1,277,867</u>	<u>1,214,535</u>
Support Services:				
Management and General	154,266	-	154,266	162,514
Fundraising	92,167	-	92,167	74,228
Total Support Services	<u>246,433</u>	<u>-</u>	<u>246,433</u>	<u>236,742</u>
Total Expenses	<u>1,524,300</u>	<u>-</u>	<u>1,524,300</u>	<u>1,451,277</u>
CHANGE IN NET ASSETS	86,659	49,123	135,782	208,976
Net Assets, Beginning of Year	<u>883,936</u>	<u>352,170</u>	<u>1,236,106</u>	<u>1,027,130</u>
NET ASSETS, END OF YEAR	<u>\$ 970,595</u>	<u>\$ 401,293</u>	<u>\$ 1,371,888</u>	<u>\$ 1,236,106</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, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	Program Services				Support Services			Total Expenses	
	Food Security Programs	Housing Programs	Farmer's Market	Total Program Expenses	Management and General	Fundraising	Total Support Expenses	2020	2019
PERSONNEL EXPENSES									
Salaries Expense	\$ 213,333	\$ 90,334	\$ 27,376	\$ 331,043	\$ 55,150	\$ 50,957	\$ 106,107	\$ 437,150	\$ 370,187
Employee Benefits Expense	18,269	13,570	9	31,848	13,623	9,113	22,736	54,584	53,006
Payroll Taxes	14,486	7,554	2,882	24,922	5,561	5,133	10,694	35,616	30,551
Total Personnel Expenses	246,088	111,458	30,267	387,813	74,334	65,203	139,537	527,350	453,744
NONPERSONNEL EXPENSES									
Automobile Expenses	15,825	118	118	16,061	118	-	118	16,179	8,992
Board/Volunteer/Staff Dev.	153	113	113	379	459	75	534	913	1,038
Direct Client Services	354,854	294,276	5,754	654,884	-	-	-	654,884	659,347
Occupancy	36,585	64,489	14,103	115,177	12,138	12,139	24,277	139,454	132,582
Office/Technology	21,659	16,539	8,466	46,664	8,401	5,115	13,516	60,180	55,417
Depreciation	-	-	-	-	51,191	-	51,191	51,191	54,581
Interest	322	323	323	968	323	-	323	1,291	1,744
Professional Services	17,399	4,761	18,561	40,721	4,656	2,675	7,331	48,052	42,059
Special Events/Marketing	5,589	5,092	4,519	15,200	2,646	9,946	12,592	27,792	56,311
Total Nonpersonnel Expenses	452,386	385,711	51,957	890,054	79,932	29,950	109,882	999,936	1,012,071
Less: Special Event Expenses	-	-	-	-	-	(2,986)	(2,986)	(2,986)	(14,538)
Total Functional Expenses	\$ 698,474	\$ 497,169	\$ 82,224	\$ 1,277,867	\$ 154,266	\$ 92,167	\$ 246,433	\$ 1,524,300	\$ 1,451,277

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 135,782	\$ 208,976
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	51,191	54,581
Unrealized (Gain)/Loss on Investments	(1,931)	(11,560)
Change in Operating Assets:		
Grants Receivable	145,191	(171,136)
Contributions Receivable	(174,675)	3,787
Deposits and Prepaid Expenses	1,799	1,799
Change in Operating Liabilities:		
Accounts Payable	-	(1,808)
Accrued Liabilities	8,761	(8,359)
Net Cash Provided (Used) by Operating Activities	166,118	76,280
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(16,753)	(31,456)
Proceeds from Sale of Investments	150,132	56,953
Purchases of Investments	(153,714)	(61,050)
Net Cash Provided (Used) by Investing Activities	(20,335)	(35,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Capital Lease Obligations	(3,564)	(9,147)
Net Cash Provided (Used) by Financing Activities	(3,564)	(9,147)
NET CHANGE IN CASH AND CASH EQUIVALENTS	142,219	31,580
Cash and Cash Equivalents - Beginning of Year	129,058	97,478
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 271,277	\$ 129,058
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest on Notes Payable	\$ 1,291	\$ 1,744
SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION AND FINANCING ACTIVITIES		
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, 2020

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, 2020

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.

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, 2020 subject to donor restrictions are as follows:

Subject to Expenditure for Specified Purpose:

HEAP - Bridge Housing Project	\$ 92,628
Kaiser Foundation	13,360
Claremont Kiwanis Foundation	1,000
Bank of America - LA Market	50,000
No Kid Hungry Emergency Act	3,899
Cardenas Markets	10,000
Union Pacific	10,000
LA Cares Health Plan	5,000
Ahmanson Foundation	20,000
Golf Tournament	22,290
Direct Services - EFSP	173,116
Total	<u><u>\$ 401,293</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020.

Released from Passage of Time:	30,000
Released by Satisfying the Restricted Purpose:	229,542
Total	<u><u>\$ 259,542</u></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.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2020, from which the summarized information was derived.

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.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 is not required to file informational returns with the IRS because it is organized under religious statute. However, the Organization develops a pro forma informational return annually to satisfy its funder's requirements.

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenues from Contracts with Customers (Topic 606)*. The update establishes the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services. The Organization has early adopted the implementation of ASU 2014-09 under the full retrospective approach. There was no material impact on the Organization's financial position and results of operations upon adoption of the new standard.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle (Continued)

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Organization has implemented ASU 2018-08 under the full retrospective approach. There was no material impact on the Organization’s financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 21, 2020, the date these financial statements were available to be issued.

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, 2020</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 271,277
Accounts Receivable	153,582
Operating Investments	331,137
Less: Board-Designated Net Assets	<u>(9,858)</u>
Total	<u><u>\$ 746,138</u></u>

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, 2020.

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.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 INVESTMENTS

Investments are stated at fair value as follows:

	2020	
	Cost	Fair Value
Mutual Funds (Level 1)	\$ 353,524	\$ 331,138
Total	\$ 353,524	\$ 331,138
	2019	
	Cost	Fair Value
Mutual Funds (Level 1)	\$ 307,520	\$ 325,625
Total	\$ 307,520	\$ 325,625

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.

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:

	2020	2019
Dividend Income	\$ 6,780	\$ 7,161
Unrealized Gain/(Loss)	1,931	11,560
Total	\$ 8,711	\$ 18,721

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2020</u>	<u>2019</u>
Nondepreciable Assets:		
Land	\$ 152,385	\$ 152,385
Construction in Progress	41,498	34,424
Total Nondepreciable Assets	<u>193,883</u>	<u>186,809</u>
Depreciable Assets:		
Buildings	347,615	347,615
Leasehold Improvements	305,802	301,322
Equipment	157,838	152,638
Right of Use Asset	19,635	19,635
Vehicles	119,846	119,846
Total Depreciable Assets	<u>950,736</u>	<u>941,056</u>
Total Property, and Equipment	1,144,619	1,127,865
Less: Accumulated Depreciation	<u>(480,884)</u>	<u>(429,692)</u>
Property and Equipment, Net	<u>\$ 663,735</u>	<u>\$ 698,173</u>
Depreciation Expense	<u>\$ 51,191</u>	<u>\$ 54,581</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 \$19,635. Capital lease amortization is included with depreciation expense in the statement of activities. The interest recorded as of June 30, 2020 is \$1,117.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 LONG-TERM DEBT (CONTINUED)

Future payments on this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 4,404
2022	4,404
2023	<u>2,936</u>
Total Future Payments	\$ 11,744
Interest Included	(1,117)
Total Lease Liabilities	<u><u>\$ 10,627</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 \$2,150 in matching contributions to the plan in 2020 and \$3,160 in 2019.

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, 2020 and 2019 was \$286,415 and \$378,629, 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 \$5,156.
- 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 \$249,039. In addition, many food drives were conducted during the year ended June 30, 2020.
- Services – The Organization receives professional counseling services, the estimated value of these services is \$1,620.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 for \$4,950 per month on annual basis. Of this amount, an in-kind donation of \$2,550 a month or \$30,600 a year is provided from the First Christian Church. The lease period is from July 1, 2019 through June 30, 2020. The lease is renewed through June 30, 2021 and the future minimum lease payment is \$59,400.

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.

Other Contingencies

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's donors, philanthropies, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

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.

