

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

FINANCIAL STATEMENTS

**YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)**



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**INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
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YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 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, 2021, 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, 2021, 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.

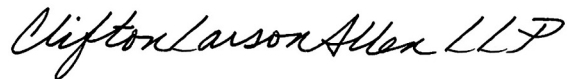
Emphasis of Matter

As discussed in Note 11 to the financial statements, certain errors resulting in understatement of amounts previously reported for deferred revenue and overstatement of amounts previously reported for grants receivable and net assets with donor restrictions as of June 30, 2020, were discovered by management of the Organization during the current year. Accordingly, amounts reported for grants receivable, net assets with donor restrictions, and deferred revenue have been restated in the 2021 financial statements to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and expressed an unmodified opinion on those audited statements in our report dated September 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Glendora, California
September 20, 2021

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2020)

ASSETS	<u>2021</u>	<u>2020 (Restated)</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 713,949	\$ 271,277
Grants and Contributions Receivable	158,466	234,392
Investments, at Fair Value (Note 4)	405,265	331,137
Total Current Assets	<u>1,277,680</u>	<u>836,806</u>
ASSETS - NONCURRENT		
Property and Equipment, Net (Note 5)	632,464	651,954
Right of Use Asset, Net (Note 5)	7,854	11,781
Total Assets Noncurrent	<u>640,318</u>	<u>663,735</u>
Total Assets	<u><u>\$ 1,917,998</u></u>	<u><u>\$ 1,500,541</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Liabilities	\$ 45,515	\$ 35,243
Capital Lease Obligation - Current (Note 6)	4,404	4,404
Deferred Revenue	36,882	55,899
Total Current Liabilities	<u>86,801</u>	<u>95,546</u>
CAPITAL LEASE OBLIGATION - NONCURRENT (NOTE 6)	2,288	6,223
NOTES PAYABLE - NONCURRENT	<u>200,000</u>	<u>200,000</u>
Total Liabilities	289,089	301,769
NET ASSETS		
Without Donor Restriction - Undesignated	652,782	308,783
Without Donor Restriction - Board-Designated Reserve	9,858	9,858
Without Donor Restriction - Property and Equipment, Net	632,464	651,954
With Donor Restriction	333,805	228,177
Total Net Assets	<u>1,628,909</u>	<u>1,198,772</u>
Total Liabilities and Net Assets	<u><u>\$ 1,917,998</u></u>	<u><u>\$ 1,500,541</u></u>

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)

	Without Donor Restriction	With Donor Restriction	2021	2020 (Restated)
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions	\$ 386,208	\$ -	\$ 386,208	\$ 303,412
In-Kind Donations	353,893	-	353,893	286,415
Foundations and Organizations	430,202	350,000	780,202	492,995
Government Grants	390,954	-	390,954	306,580
Special Events (Net of Direct Expenses)	58,244	-	58,244	55,610
Total Public Support	<u>1,619,501</u>	<u>350,000</u>	<u>1,969,501</u>	<u>1,445,012</u>
Revenue:				
Rental Income and Fees	12,000	-	12,000	14,000
Farmer's Market	36,977	-	36,977	19,050
Interest Income	1,816	-	1,816	193
Investment Return, Net (Note 4)	74,741	-	74,741	8,711
Total Revenue	<u>125,534</u>	<u>-</u>	<u>125,534</u>	<u>41,954</u>
Total Public Support and Revenue	1,745,035	350,000	2,095,035	1,486,966
NET ASSETS RELEASED FROM RESTRICTIONS	<u>244,372</u>	<u>(244,372)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenue, and Net Assets Released from Restrictions	1,989,407	105,628	2,095,035	1,486,966
EXPENSES				
Program Services:				
Food Security	748,707	-	748,707	698,474
Housing	535,764	-	535,764	497,169
Farmer's Market	110,018	-	110,018	82,224
Total Program Services	<u>1,394,489</u>	<u>-</u>	<u>1,394,489</u>	<u>1,277,867</u>
Support Services:				
Management and General	173,346	-	173,346	154,266
Fundraising	97,063	-	97,063	92,167
Total Support Services	<u>270,409</u>	<u>-</u>	<u>270,409</u>	<u>246,433</u>
Total Expenses	<u>1,664,898</u>	<u>-</u>	<u>1,664,898</u>	<u>1,524,300</u>
CHANGE IN NET ASSETS	324,509	105,628	430,137	(37,334)
Net Assets - Beginning of Year	<u>970,595</u>	<u>228,177</u>	<u>1,198,772</u>	<u>1,236,106</u>
NET ASSETS - END OF YEAR	<u>\$ 1,295,104</u>	<u>\$ 333,805</u>	<u>\$ 1,628,909</u>	<u>\$ 1,198,772</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, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)

	Program Services			Total Program Expenses	Support Services		Total Support Expenses	Total Expenses	
	Food Security Programs	Housing Programs	Farmer's Market		Management and General	Fundraising		2021	2020
PERSONNEL EXPENSES									
Salaries Expense	\$ 201,885	\$ 95,058	\$ 30,828	\$ 327,771	\$ 79,347	\$ 62,683	\$ 142,030	\$ 469,801	\$ 437,150
Employee Benefits Expense	17,458	13,139	125	30,722	13,981	11,439	25,420	56,142	54,584
Payroll Taxes	15,542	8,146	3,140	26,828	6,270	5,130	11,400	38,228	35,616
Total Personnel Expenses	<u>234,885</u>	<u>116,343</u>	<u>34,093</u>	<u>385,321</u>	<u>99,598</u>	<u>79,252</u>	<u>178,850</u>	<u>564,171</u>	<u>527,350</u>
NONPERSONNEL EXPENSES									
Automobile Expenses	16,948	89	89	17,126	36	36	72	17,198	16,179
Board/Volunteer/Staff Dev.	14	-	-	14	335	9	344	358	913
Direct Client Services	392,565	332,058	31,605	756,228	-	-	-	756,228	654,884
Occupancy	42,569	64,715	13,660	120,944	12,344	12,344	24,688	145,632	139,454
Office/Technology	16,930	12,022	7,578	36,530	6,305	5,002	11,307	47,837	60,180
Depreciation	-	-	-	-	50,745	-	50,745	50,745	51,191
Interest	230	229	229	688	229	-	229	917	1,291
Professional Services	27,776	4,636	18,436	50,848	2,254	2,232	4,486	55,334	48,052
Special Events/Marketing	16,790	5,672	4,328	26,790	1,500	2,984	4,484	31,274	27,792
Total Nonpersonnel Expenses	<u>513,822</u>	<u>419,421</u>	<u>75,925</u>	<u>1,009,168</u>	<u>73,748</u>	<u>22,607</u>	<u>96,355</u>	<u>1,105,523</u>	<u>999,936</u>
Less: Special Event Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,796)</u>	<u>(4,796)</u>	<u>(4,796)</u>	<u>(2,986)</u>
Total Functional Expenses	<u>\$ 748,707</u>	<u>\$ 535,764</u>	<u>\$ 110,018</u>	<u>\$ 1,394,489</u>	<u>\$ 173,346</u>	<u>\$ 97,063</u>	<u>\$ 270,409</u>	<u>\$ 1,664,898</u>	<u>\$ 1,524,300</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, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2020)

	2021	2020 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 430,137	\$ (37,334)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	50,745	51,191
Unrealized (Gain)/Loss on Investments	(71,048)	(1,931)
Change in Operating Assets:		
Grants Receivable	75,926	262,409
Contributions Receivable	-	(174,675)
Deposits and Prepaid Expenses	-	1,799
Change in Operating Liabilities:		
Accrued Liabilities	10,272	8,761
Deferred Revenue	(19,017)	55,898
Net Cash Provided by Operating Activities	477,015	166,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(27,329)	(16,753)
Proceeds from Sale of Investments	814,210	150,132
Purchases of Investments	(817,290)	(153,714)
Net Cash Used by Investing Activities	(30,409)	(20,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Capital Lease Obligations	(3,934)	(3,564)
Net Cash Used by Financing Activities	(3,934)	(3,564)
NET CHANGE IN CASH AND CASH EQUIVALENTS	442,672	142,219
Cash and Cash Equivalents - Beginning of Year	271,277	129,058
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 713,949	\$ 271,277
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest on Notes Payable	\$ 917	\$ 1,291

See accompanying Notes to Financial Statements.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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, 2021 subject to donor restrictions are as follows:

Subject to Expenditure for Specified Purpose:

David Bloye Charitable Remainder Trust	\$ 235,222
Rauch Family Foundation	23,583
Bank of America	75,000
Total	<u>\$ 333,805</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 year ended June 30, 2021.

Released by Satisfying the Restricted Purpose:	<u>\$ 244,372</u>
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Grants and Contributions Receivable

Grants and contributions 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, 2021

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, 2021, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2020 financial statements to conform to the 2021 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.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. 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 (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met

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.

Conditional Grants

Grants and contracts that are conditioned upon the performance of certain requirements or the incurrence of allowable qualifying expenses (barriers) are recognized as revenues in the period in which the conditions are met. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the Organization has conditional grants of \$325,320 that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2021, the Organization has received conditional grants of \$36,882 that are recognized as deferred revenue in the statement of financial position because conditions have not yet been met

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.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 20, 2021, 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, are comprised the following as of June 30, 2021:

Cash and Cash Equivalents	\$ 713,949
Accounts Receivable	158,466
Operating Investments	405,265
Less: Board-Designated Net Assets	<u>(9,858)</u>
Total	<u><u>\$ 1,267,822</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, 2021.

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, 2021

NOTE 4 INVESTMENTS

Investments are stated at fair value as follows:

	2021
	Fair Value
Core Account (Level 1)	\$ 7,880
Mutual Funds (Level 1)	59,229
Equities (Level 1)	238,882
Fixed Income (Level 1)	99,274
Total	\$ 405,265
	2020
	Fair Value
Mutual Funds (Level 1)	\$ 331,138
Total	\$ 331,138

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:

	2021	2020
Dividend Income	\$ 3,693	\$ 6,780
Unrealized Gain/(Loss)	71,048	1,931
Total	\$ 74,741	\$ 8,711

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	2021	2020
Nondepreciable Assets:		
Land	\$ 152,385	\$ 152,385
Construction in Progress	53,227	41,498
Total Nondepreciable Assets	205,612	193,883
Depreciable Assets:		
Buildings	347,615	347,615
Leasehold Improvements	305,802	305,802
Equipment	173,438	157,838
Right of Use Asset	19,635	19,635
Vehicles	119,846	119,846
Total Depreciable Assets	966,336	950,736
Total Property and Equipment	1,171,948	1,144,619
Less: Accumulated Depreciation	(531,630)	(480,884)
Property and Equipment, Net	\$ 640,318	\$ 663,735
Depreciation Expense	\$ 50,745	\$ 51,191

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, 2021 is \$917.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 LONG-TERM DEBT (CONTINUED)

Future payments on this lease are as follows:

Year Ending June 30,	Amount
2022	\$ 4,404
2023	2,936
Total Future Payments	7,340
Interest Included	(648)
Total Lease Liabilities	\$ 6,692

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 \$2,957 in matching contributions to the plan in 2021 and \$2,150 in 2020.

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 years ended June 30, 2021 and 2020 was \$353,893 and \$286,415, 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 \$28,854.
- 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 \$294,439. In addition, many food drives were conducted during the year ended June 30, 2021.
- Services – The Organization receives professional counseling services; however, none were received in the year ended June 30, 2021.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020 through June 30, 2021. The lease is renewed through June 30, 2022 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

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results, including, but not limited to, loss of tuition and fee revenues, additional bad debt, costs for increased use of technology, and potential shortages of personnel. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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, interest and some professional service fees and special events and marketing 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.

NOTE 11 PRIOR PERIOD RESTATEMENT

Beginning net assets for the Organization were restated in the amount of \$173,116 to correct an error in the recording of the Emergency Food and Shelter Program (EFSP) grant. EFSP was previously recorded as an unconditional grant; however, upon review of grant documents and research regarding the grant program the grant is conditional based on incurring allowable costs. The restatement reduced grants receivable and increased deferred revenue as of June 30, 2020 by \$117,218 and \$55,898, respectively.

INLAND VALLEY COUNCIL OF CHURCHES DBA: INLAND VALLEY HOPE PARTNERS
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 PRIOR PERIOD RESTATEMENT (CONTINUED)

Government grant revenues for the year ended June 30, 2020 decreased by \$173,116. For the current year the restatement increased government grant revenues and deferred revenue by \$101,677 and \$36,886, respectively; and grants receivable decreased by \$34,557.

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