DLK

Darrell L. Keller, CPA, PA

INTER-FAITH ALLIANCE CORPORATION
(A.K.A CLEVELAND COUNTY RESCUE MISSION)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

(704) 739-0771

INTER-FAITH ALLIANCE CORPORATION
(A.K.A. CLEVELAND COUNTY RESCUE MISSION)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2014

DLK Certified Public Accountant dkeller@dlkcpapa.com

P.O. Box 1028, Kings Mountain, NC 28086
(704) 739-3930 (704) 739-6122 Fax

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Inter-Faith Alliance Corporation
(a.k.a. Cleveland County Rescue Mission)
Shelby, North Carolina

I have audited the accompanying financial statements of Inter-Faith Alliance Corporation (a.k.a. Cleveland County Rescue Mission) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inter-Faith Alliance Corporation (a.k.a. Cleveland County Rescue Mission) as of June 30, 2014, 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.

Darrell L Keller, CPA, PA

Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
February 7, 2015

Inter-Faith Alliance Coproration
(A.K.A. Cleveland County Rescue Mission)
Statement of Financial Position
June 30, 2014

ASSETS		
Cash and cash equivalents	$	23,858
Unconcitional promises to give		95,852
Prepaid expenses		-
Fixed Assets-net of depreciation		723,746
	$	843,456
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$	16,175
Accrued expenses		3,377
Note payable-Individual		48,000
Notes payable		160,453
Total liabilities		228,005
Net assets:		
Unrestricted		401,640
Temporarily restricted		213,811
Total net assets		615,451
Total liabilities and net assets	$	843,456

The Accompanying Notes are an Integral Part of these Financial Statements.

Inter-Faith Alliance Corporation
(A.K.A. Cleveland County Rescue Mission)
Statement of Activities
June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Public support and revenue:			
Public support:			
General contributions	$ 151,439	$ 215,894	$ 367,333
United Way	90,000	-	90,000
In-Kind contributions	5,922	-	5,922
Governmental support:			
FEMA	6,750	-	6,750
Interest income	69	-	69
Other income	1,794	-	1,794
Net assets released from restriction	134,382	(134,382)	-
Total public support	390,356	81,512	471,868
Expenses:			
Program	134,136	-	134,136
Management and support	71,444	-	71,444
Fundraising	30,034	-	30,034
Total expenses	235,614	-	235,614
Change in net assets	154,742	81,512	236,254
Net assets:			
Beginning	246,898	132,299	379,197
Ending	$ 401,640	$ 213,811	$ 615,451

The Accompanying Notes are an Integral Part of these Financial Statements.

Inter-Faith Alliance Corporation
(A.K.A. Cleveland County Rescue Mission)
Statement Of Functional Expenses
Year Ended June 30, 2014

	Program	Management and Support	Fundraising	Total
Salaries	$ 83,606	$ 32,156	$ 12,862	$ 128,624
Payroll taxes	8,200	3,154	1,262	12,616
Client services	1,631	1,300	-	2,931
Contract services	1,182	-	1,181	2,363
Insurance	-	7,625	-	7,625
Office expense	-	6,808	-	6,808
Printing	-	2,172	-	2,172
Professional fees	10,565	10,564	-	21,129
Promotion	-	-	14,729	14,729
Rent	-	1,700	-	1,700
Repairs and maintenance	3,752	70	-	3,822
Security	528	-	-	528
Supplies	3,535	-	-	3,535
Telephone	2,118	2,117	-	4,235
Travel	1,787	1,787	-	3,574
Utilities	9,379	-	-	9,379
Property taxes	-	1,991	-	1,991
Interest expense	5,923	-	-	5,923
Depreciation	1,930	-	-	1,930
Total expenses	$ 134,136	$ 71,444	$ 30,034	$ 235,614

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

Inter-Faith Alliance Corporation
(A.K.A Cleveland County Rescue Mission)
Statement of Cash Flows
For The Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ 236,254
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	1,930
In-Kind contributions	(5,922)
Interest expense	5,922
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Receivables	2,000
Deposit on new building	-
Prepaid expenses	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	(150,030)
Net Cash Provided By Operating Activities	90,154
CASH FLOWS FROM INVESTING ACTIVITIES:	
Loan proceeds	106,356
Repayment of loans	-
Purchase of fixed assets	(207,055)
Net Cash Used By Investing Activities	(100,699)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,545)
Beginning Cash and Cash Equivalents	34,403
Ending Cash and Cash Equivalents	$ 23,858
Interest paid for the year	$ -

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

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities: Inter-Faith Alliance Corporation (IFA) (a.k.a. Cleveland County Rescue Mission) is a non-profit corporation in the State of North Carolina. The mission of IFA is to provide temporary and/or emergency shelter to the homeless of Cleveland County, North Carolina. The Organization operates the Beacon homeless shelter located at 301 N. Washington Street, Shelby, North Carolina. The Organization has purchased a new facility and is in the process of remodeling the facility that will provide a 24 hour shelter operation. The organization receives the majority of its revenue from general donations and United Way.

A summary of the Coalition's significant accounting policies follows:

Basis of Accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets are those amounts presently available for use by the Coalition at the discretion of the Board of Directors.

Temporarily restricted net assets are those amounts granted to the Coalition with grantor imposed time or purpose restrictions. When a stipulated time restriction expires or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets are those amounts with grantor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents:

The Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents.

Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Property and Equipment:

Property and equipment are recorded at cost if purchased, or fair market value at time of receipt, if donated. Donations are reported as unrestricted contributions 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 contributions. 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. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Assets with a cost or fair market value exceeding $250 are capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight line method ranging from five to thirty-nine years.

Contributed Services:

No amounts have been reflected in the financial statements for donated services. The organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 1,000 volunteer hours per year.

Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes:

The Organization is a non-profit organization which is exempt from income taxes under the Internal Revenue Code Section 501(c) (3) and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax,* for years 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risks:

The Organization maintains deposit accounts at local banking institutions it considers to be credit worthy. As of June 30, 2014 there were no deposit amounts that exceeded the FDIC insurance limit of $250,000.

Expense Allocation:

Direct expenses are allocated 100% to program services. All other costs are allocated between program services and management and general.

Promotion and Advertising:

Promotion and advertising costs incurred to promote awareness about the mission of IFA are expensed as incurred.

Note 2. Unconditional Promises to Give

As of June 30, 2014 unconditional promises to give consisted of $90,000 from the Cleveland County United Way and a foundation in the amount of $5,852 ($6,000 less a time value of money discount of $148). Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques when the donor makes an unconditional promise to give to the Organization.

Due in less than one year	$92,000
Due in one to five years	$ 4,000
Total Promises to Give	$96,000

Note 3. Restrictions on Net Assets

Temporary restrictions on net assets are related to items donated for the new facility and the loan for the new facility. Furnishings were donated for use in the new facility. They are recorded as temporarily restricted until such time as they are put to use in the new facility. In accordance with generally accepted accounting principles, the interest free loan described in Note 5 on the Buffalo street property was discounted to fair value in order to impute interest on the loan. The difference between the amount of cash received and the discounted fair value of the loan is recorded as temporarily restricted net assets. Over the life of the loan, the value of the loan is accreted using the effective interest method, with a corresponding charge to interest expense. At the same time, the amount of loan accretion should be reclassified from temporarily restricted net assets to unrestricted net assets.

Temporarily restricted net assets consisted of the following at June 30, 2014:

Furnishings donated for use in the new facility	$ 32,940
Discounted amount of interest free loan	$180,871
Total Temporarily restricted net assets	$213,811

There were no permanently restricted net assets as of June 30, 2014.

Note 4. Property and Equipment

Activity for Inter-Faith Alliance Corporation for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, non-depreciable				
Land	$ 26,700	$ -	$ -	$ 26,700
Construction in Process	452,893	205,150	-	658,043
Total Capital assets, non-depreciable	479,593	205,150	-	684,743
Capital assets being depreciated:				
Buildings	38,330	-	-	38,330
Furniture and Equipment	5,284	1,905	-	7,189
Total capital assets being depreciated	43,614	1,905	-	45,519
Less accumulated depreciation for:				
Buildings	2,684	1,005	-	3,689
Furniture and Equipment	1,902	925	-	2,827
Total accumulated depreciation	4,586	1,930	-	6,516
Capital assets, net of depreciation	39,028	$ 3,835	$ -	39,003
Total capital assets net of depreciation	$ 518,621			$ 723,746

Note 5. Notes Payable

The Organization has two 0% loans from the North Carolina Housing Finance Agency.

The first is for the Washington Street facility in the amount of $42,000 and matures in 36 years from the date of the loan at which time all principle is due and payable (fiscal year ending June 30, 2047). No payments are required during the life of the loan. The note is secured by the underlying property.

The second loan in the amount of $500,000 ($299,324 was drawn down as of June 30, 2014) is for a facility on Buffalo street and matures in twenty years from the date of the final draw down (fiscal year ending June 30, 2034). No payments are required until the loan matures and is due in a single payment at maturity. The note is secured by the underlying property. As described in Note 3 this note was discounted using an effective interest of 5%.

Note 6. Commitments

The Organization has entered into a contract with a contractor to remodel the facility at Buffalo street in Shelby. The total contract is for $820,443. As of June 30, 2014 the Contractor had completed $378,247 of the total contracted amount. The Organization has $200,676 left to draw on the loan mentioned in Note 5, and plans to continue a capital campaign to raise the funds to complete the remodeling project.

Note 7. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through February 7, 2015, the date which the financial statements were available to be issued.