

**INTERFAITH HOSPITALITY NETWORK  
OF GREATER CINCINNATI**

**Audited Financial Statements and Supplementary Information  
For the Years Ended  
December 31, 2019 and 2018**

**Audited Schedule of Federal Awards and Supplementary Reports  
For the Year Ended December 31, 2019**

# INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI

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# Sheldon Reeder

Certified Public Accountants, Inc. Business Management and Financial Services

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Interfaith Hospitality Network of Greater Cincinnati  
Cincinnati, OH

### Report on the Financial Statements

We have audited the accompanying financial statements of Interfaith Hospitality Network of Greater Cincinnati (a nonprofit corporation, the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, statements of functional expenses, and statements of cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Hospitality Network of Greater Cincinnati as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

The financial statements for the period ending December 31, 2019 are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, and ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, both effective for nonpublic companies for years beginning after December 15, 2018.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Sheldon Reder CPAs*

Cincinnati, Ohio  
August 18, 2020

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,118	\$ 146,114	\$ 149,232
Accounts receivable	1,315	-	1,315
Grants receivable	278,031	-	278,031
Pledges receivable (net)	-	13,811	13,811
<b>TOTAL CURRENT ASSETS</b>	<b>282,464</b>	<b>159,925</b>	<b>442,389</b>
<b>FIXED ASSETS</b>			
Leasehold improvements	374,709	-	374,709
Furniture and fixtures	109,442	-	109,442
Construction in progress	3,972	-	3,972
Less accumulated depreciation	(179,001)	-	(179,001)
<b>TOTAL FIXED ASSETS</b>	<b>309,122</b>	<b>-</b>	<b>309,122</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Pledges receivable (net)	-	33,774	33,774
Investment in LLC	310,169	-	310,169
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>310,169</b>	<b>33,774</b>	<b>343,943</b>
<b>TOTAL ASSETS</b>	<b>\$ 901,755</b>	<b>\$ 193,699</b>	<b>\$ 1,095,454</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 2,925	\$ -	\$ 2,925
Refundable advance	21,108	-	21,108
<b>TOTAL CURRENT LIABILITIES</b>	<b>24,033</b>	<b>-</b>	<b>24,033</b>
<b>LONG-TERM LIABILITIES</b>			
Long-term debt	93,500	-	93,500
<b>TOTAL LIABILITIES</b>	<b>117,533</b>	<b>-</b>	<b>117,533</b>
<b>NET ASSETS</b>	<b>784,222</b>	<b>193,699</b>	<b>977,921</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 901,755</b>	<b>\$ 193,699</b>	<b>\$ 1,095,454</b>

See accompanying notes and independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 229,618	\$ 75,949	\$ 305,567
Grants receivable	140,804	-	140,804
Pledges receivable (net)	<u>-</u>	<u>11,294</u>	<u>11,294</u>
TOTAL CURRENT ASSETS	370,422	87,243	457,665
<b>FIXED ASSETS</b>			
Leasehold improvements	359,014	-	359,014
Furniture and fixtures	96,991	-	96,991
Less accumulated depreciation	<u>(152,137)</u>	<u>-</u>	<u>(152,137)</u>
TOTAL FIXED ASSETS	<u>303,868</u>	<u>-</u>	<u>303,868</u>
<b>OTHER NON-CURRENT ASSETS</b>			
Pledges receivable (net)	-	6,093	6,093
Investment in LLC	<u>317,834</u>	<u>-</u>	<u>317,834</u>
TOTAL OTHER NON-CURRENT ASSETS	<u>317,834</u>	<u>6,093</u>	<u>323,927</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 992,124</u></u>	<u><u>\$ 93,336</u></u>	<u><u>\$ 1,085,460</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 27,174	\$ -	27,174
Deferred revenue	<u>31,611</u>	<u>-</u>	<u>31,611</u>
TOTAL CURRENT LIABILITIES	58,785	-	58,785
<b>LONG-TERM LIABILITIES</b>			
Long-term debt	<u>(105,500)</u>	<u>-</u>	<u>(105,500)</u>
TOTAL LIABILITIES	(46,715)	-	(46,715)
<b>NET ASSETS</b>	<u>827,839</u>	<u>93,336</u>	<u>921,175</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 781,124</u></u>	<u><u>\$ 93,336</u></u>	<u><u>\$ 874,460</u></u>

See accompanying notes and independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<b>REVENUE AND PUBLIC SUPPORT</b>			
Grants and contributions	\$ 291,451	\$ 272,664	\$ 564,115
Capital campaign revenue	-	56,000	56,000
Donated professional services	12,948	-	12,948
Donated in-kind revenue	12,450	-	12,450
United Way	1,201	38,400	39,601
Government grants	-	1,865,608	1,865,608
Gross special event revenue	29,900	3,371	33,271
Less cost of direct benefit to donors	<u>(16,113)</u>	<u>-</u>	<u>(16,113)</u>
Net special event revenue	13,787	3,371	17,158
Interest	70	-	70
Release of restrictions	<u>2,135,680</u>	<u>(2,135,680)</u>	<u>-</u>
<b>TOTAL REVENUE AND PUBLIC SUPPORT</b>	<b>2,467,587</b>	<b>100,363</b>	<b>2,567,950</b>
<b>EXPENSES</b>			
Program	2,347,313	-	2,347,313
Administrative and general	70,911	-	70,911
Fundraising	<u>85,315</u>	<u>-</u>	<u>85,315</u>
<b>TOTAL EXPENSES</b>	<u><b>2,503,539</b></u>	<u><b>-</b></u>	<u><b>2,503,539</b></u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(35,952)</b>	<b>100,363</b>	<b>64,411</b>
<b>NON-OPERATING ACTIVITIES</b>			
Investment return, loss on investment in LLC	<u>(7,665)</u>	<u>-</u>	<u>(7,665)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(43,617)</b>	<b>100,363</b>	<b>56,746</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u><b>827,839</b></u>	<u><b>93,336</b></u>	<u><b>921,175</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><u><b>\$ 784,222</b></u></u>	<u><u><b>\$ 193,699</b></u></u>	<u><u><b>\$ 977,921</b></u></u>

See accompanying notes and independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<b>REVENUE AND PUBLIC SUPPORT</b>			
Grants and contributions	\$ 277,766	\$ 242,793	\$ 520,559
Capital campaign revenue	-	35,000	35,000
Donated professional services	3,553	-	3,553
United Way	4,292	48,000	52,292
Government grants	-	1,507,447	1,507,447
Government contract revenue	180,359	-	180,359
Gross special event revenue	45,159	1,489	46,648
Less cost of direct benefit to donors	<u>(11,039)</u>	<u>-</u>	<u>(11,039)</u>
Net special event revenue	34,120	1,489	35,609
Interest	202	-	202
Miscellaneous income	4,058	-	4,058
Release of restrictions	<u>1,944,391</u>	<u>(1,944,391)</u>	<u>-</u>
<b>TOTAL REVENUE AND PUBLIC SUPPORT</b>	<b>2,448,741</b>	<b>(109,662)</b>	<b>2,339,079</b>
<b>EXPENSES</b>			
Program	2,198,292	-	2,198,292
Administrative and general	58,467	-	58,467
Fundraising	<u>69,085</u>	<u>-</u>	<u>69,085</u>
<b>TOTAL EXPENSES</b>	<b><u>2,325,844</u></b>	<b><u>-</u></b>	<b><u>2,325,844</u></b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>122,897</b>	<b>(109,662)</b>	<b>13,235</b>
<b>NON-OPERATING ACTIVITIES</b>			
Investment return, loss on investment in LLC	<u>(7,664)</u>	<u>-</u>	<u>(7,664)</u>
<b>CHANGE IN NET ASSETS</b>	<b>115,233</b>	<b>(109,662)</b>	<b>5,571</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b><u>712,606</u></b>	<b><u>202,998</u></b>	<b><u>915,604</u></b>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 827,839</u></b>	<b><u>\$ 93,336</u></b>	<b><u>\$ 921,175</u></b>

See accompanying notes and independent auditors' report.



**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Cost of Donor Benefits</u>	<u>Total Expenses</u>
Salaries	\$ 618,881	\$ 27,618	\$ 46,015	\$ -	\$ 692,514
Benefits	169,745	8,310	12,998	-	191,053
Payroll taxes	50,028	2,121	3,749	-	55,898
Client housing	1,036,664	-	-	-	1,036,664
Guest transportation	167,410	-	-	-	167,410
Direct guest expenses	105,170	191	-	-	105,361
Utilities and occupancy expense	42,802	1,003	1,160	-	44,965
Professional fees	25,828	14,451	1,570	-	41,849
Depreciation	24,008	1,072	1,784	-	26,864
Grace Place expenses	22,091	-	-	-	22,091
Conferences and meetings	3,677	1,951	-	16,000	21,628
Travel and mileage	17,106	842	436	-	18,384
Printing and publications	7,339	929	7,980	-	16,248
Veterinary expenses	15,116	-	-	-	15,116
Supplies	11,398	1,309	263	113	13,083
Postage	4,258	1,397	4,704	-	10,359
Insurance	8,076	205	579	-	8,860
Dues	212	7,347	-	-	7,559
Telephone	6,434	652	329	-	7,415
Miscellaneous	5,655	1,201	375	-	7,231
Equipment rent and maintenance	5,415	312	385	-	6,112
Donor database	-	-	2,988	-	2,988
<b>Total expenses</b>	<b>\$ 2,347,313</b>	<b>\$ 70,911</b>	<b>\$ 85,315</b>	<b>\$ 16,113</b>	<b>\$ 2,519,652</b>

See accompanying notes and independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Cost of Donor Benefits</u>	<u>Total Expenses</u>
Salaries	\$ 573,142	\$ 35,110	\$ 39,450	\$ -	\$ 647,702
Benefits	122,701	7,464	7,213	-	137,378
Payroll taxes	47,868	2,822	3,540	-	54,230
Client housing	984,723	-	-	-	984,723
Guest transportation	151,046	-	-	-	151,046
Direct guest expenses	132,131	-	-	-	132,131
Utilities and occupancy expense	35,939	664	620	-	37,223
Professional fees	27,446	4,106	1,276	-	32,828
Depreciation	21,841	1,227	1,472	-	24,540
Grace Place expenses	17,953	-	-	-	17,953
Travel and mileage	13,991	334	104	-	14,429
Veterinary expenses	14,321	-	-	-	14,321
Printing and publications	7,322	280	6,552	-	14,154
Conferences and meetings	654	3,185	-	10,300	14,139
Supplies	12,690	360	226	739	14,015
Miscellaneous	8,681	556	30	-	9,267
Postage	3,218	538	4,512	-	8,268
Telephone	7,286	406	338	-	8,030
Building maintenance	6,160	-	-	-	6,160
Equipment rent and maintenance	4,785	217	376	-	5,378
Insurance	4,050	150	289	-	4,489
Donor database	-	-	2,988	-	2,988
Dues	344	1,048	99	-	1,491
<b>Total expenses</b>	<b>\$ 2,198,292</b>	<b>\$ 58,467</b>	<b>\$ 69,085</b>	<b>\$ 11,039</b>	<b>\$ 2,336,883</b>

See accompanying notes and independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 56,746	\$ 5,571
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	26,864	24,540
Changes in:		
Accounts receivable	(1,315)	-
Grants receivable	(137,227)	19,605
Pledges receivable	(30,199)	5,785
Prepaid expenses	-	25,000
Accounts payable	(24,249)	10,457
Deferred revenue	(10,503)	1,330
	(119,883)	92,288
Net cash provided (used) by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loss on investment in LLC	7,665	7,664
Purchase of property and equipment	(32,117)	(75,494)
	(24,452)	(67,830)
Net cash provided (used) by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment on note payable	(12,000)	(6,000)
	(156,335)	18,458
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	305,567	287,109
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 149,232	\$ 305,567

See accompanying notes and independent auditors' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**1. ORGANIZATION AND NATURE OF ACTIVITIES**

Interfaith Hospitality Network of Greater Cincinnati (the "Organization") is a non-profit corporation organized in 1991 under the laws of the State of Ohio. It operates in the Greater Cincinnati area to provide homeless families with emergency shelter and hospitality through interfaith communities and assist these families in the search for and retention of stable housing. The Organization is funded by contributions, government grants and fundraisers and is supported by volunteers.

**2. DATE OF MANAGEMENT'S REVIEW**

Management reviews events and transactions occurring subsequent to the date of the financial statements for matters requiring potential recognition or disclosure in the financial statements. The Organization has evaluated subsequent events through August 18, 2020, the date the financial statements were available to be issued.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the Organization's accounting principles and practices which are consistently applied in the preparation of these financial statements.

Basis of Presentation

The Organization's financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Organization currently does not have net assets with restrictions that are perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and includes resources that generate return from investments and interest. Non-operating activities include other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

As of December 31, 2019 and 2018, the Organization had cash balances in excess of federally insured limits of \$700 and \$83,300, respectively.

Grants and Pledges Receivable

The Organization receives grants from various organizations, foundations, trusts and local governments, as well as contributions from individuals. Grants receivable as of December 31, 2019 and 2018 consist primarily of amounts of reimbursable program expenses incurred during each respective year and expected to be received from federal and local government agencies under various grant agreements.

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in more than one year are initially recorded at estimated fair value determined using the discounted present value of expected cash flows and subsequently amortized over the expected payment period. The discount is calculated at 1.25% above federal prime rate. Amortization of the resulting discount is recognized as contribution revenue in subsequent years.

An allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Pledges that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Property and equipment are recorded at cost (if purchased) or at market value at the date of gift (if donated). Expenditures for major additions and improvements are capitalized and repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, ranging from five to fifteen years.

Investments

Investment in a limited liability company (LLC) is accounted for using the equity method of accounting. Accordingly, investments are recorded at acquisition costs plus the Organization's share of undistributed earnings or losses from the partnership.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. As of December 31, 2019 and 2018 there were no conditional contributions with a measurable performance or other barrier and a right of return that had not been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. 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 refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$21,108 that have not been recognized at December 31, 2019 because qualifying expenditures have not yet been incurred, with an advance payment of \$21,108 recognized in the statement of financial position as a refundable advance. Revenue under the same contract was treated contract revenue in the 2018 statement of activities with deferred revenue of \$31,611 recognized in the statement of financial position.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

In accordance with the ASU, the Organization has determined that there are no previously unrecognized promises to give that should be reported in the statement of financial position and the statement of activities.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-Kind Donations

Volunteers contribute significant amounts of time in furtherance of the Organization's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP. Contributed goods are recorded at fair value at the date of donation. No contributed goods were recorded in 2019 or 2018.

Donated professional services are recorded as public support only if they create or enhance nonfinancial assets or require specialized services. Donated professional services were \$12,948 and \$3,553 for the years ended December 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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Functional Allocation of Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Program employees using the space to all employees using the space
Insurance	Program employees covered to all employees covered
Office supplies and postage	Program employees using the supplies to all employees using the supplies
Printing	Program employees using the materials to all employees using the materials
Occupancy	Program employees to all employees
Telephone	Program employees using equipment to all employees using the equipment
Maintenance and repair expense	Program employees using equipment to all employees using the equipment
Depreciation	Program employees using equipment to all employees using the equipment
Audits	Program expense to total expense
Other	Program employees incurring the cost to all employees incurring the cost

In 2019 and 2018, approximately 94% of the Organization's total expenses related to program services, 3% to management and general services, and 3% to fundraising activities.

Income Taxes

The Organization is an Ohio nonprofit corporation and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report any unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.



**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain prior period amounts have been reclassified to conform to current year presentation.

Accounting Standards Update

*Revenue Recognition Standard*

In May, 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to. This standard may have an impact on the timing of when an entity recognizes certain revenue. The ASU is effective for nonpublic companies for years beginning after December 15, 2018.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The standard assists entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. The ASU is effective for nonpublic companies for years beginning after December 15, 2018.

The Organization has implemented the ASU for the year ended December 31, 2019. Certain governmental revenue has been reclassified as government grants under the new standard.

*Lease Accounting Standard*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and therefore, recognition of the lease assets and lease liabilities represent an improvement over previous GAAP, which did not require lease obligations to be recognized for most leases. The ASU is effective for nonpublic companies for years beginning after December 15, 2020.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**4. AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 149,232	\$ 305,567
Grants receivable	278,031	140,804
Pledges receivable, current portion	<u>13,811</u>	<u>11,294</u>
Total financial assets	441,074	457,665
Amounts not available to be used within one year:		
Net assets with donor restrictions	193,699	93,336
Less net assets with purpose restrictions to be met in less than one year	(146,114)	(75,949)
Less net assets with time restrictions to be met in less than one year	<u>(13,811)</u>	<u>(11,294)</u>
	<u>33,774</u>	<u>6,093</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 407,300</u>	<u>\$ 451,572</u>

The Organization has normal and recurring monthly expenses of approximately \$150,000. It is the goal of the Organization to maintain cash and availability to cover three months of expenses.

**5. PLEDGES RECEIVABLE**

Pledges receivable are expected to be realized in the following periods:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 13,811	\$ 11,294
One to five years	<u>37,829</u>	<u>6,350</u>
Pledges receivable, gross	51,640	17,644
Less present value adjustment	<u>(4,055)</u>	<u>(257)</u>
Present value of pledges receivable	<u>\$ 47,585</u>	<u>\$ 17,387</u>

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**6. INVESTMENT IN LLC AND FAIR VALUE MEASUREMENT**

The Organization owns 50 percent of 990 Nassau LLC (the "LLC"), a limited liability company formed in 2012 with another non-profit entity, for the purposes of purchasing and holding a building occupied by the Organization. The Organization contributed cash and the net book value of significant leasehold improvements made to the building while the Organization was under a lease-to-purchase agreement with the previous owner. Also see Note 13.

U.S. GAAP establishes a framework for measuring fair value and provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 inputs, unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices within the Level 1 that are observable either directly or indirectly. Level 3 includes unobservable inputs. The Organization's investment in the LLC is classified as a Level 2 input consisting of commercial property and land held by the LLC. The valuation technique used is a market value approach using quoted prices of similar assets in an observable real estate market.

Investment at December 31 consisted of the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
990 Nassau LLC	<u>\$ 310,169</u>	<u>\$ 363,184</u>	<u>\$ 317,834</u>	<u>\$ 363,184</u>

The following is a reconciliation of the balance in the LLC:

Balance, 12/31/17	\$ 325,498
Loss on investment	<u>(7,664)</u>
Balance, 12/31/18	317,834
Loss on investment	<u>(7,665)</u>
Balance, 12/31/19	<u>\$ 310,169</u>

**7. LONG-TERM DEBT**

In 2012, the Organization received a loan from the Hubert Family Foundation for \$162,000 for renovation of the property at a new site. The terms of this interest free loan are flexible and called for monthly payments of \$1,000 through June 2018. In mid-2018, the Foundation suspended the monthly payment requirement pending reevaluation of the loan in 2019. Repayments resumed in 2019, on an informal repayment schedule. The outstanding balance on the loan was \$93,500 and \$105,500 at December 31, 2019 and 2018, respectively.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**8. NET ASSETS**

Net assets with donor restrictions for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Passage of Time - Receivables	\$ 47,585	\$ 17,387
Purpose Restrictions		
Child Enrichment	77,393	70,611
Pet Program	51,585	5,338
Capital Improvements	<u>17,136</u>	<u>-</u>
	<u>\$ 193,699</u>	<u>\$ 93,336</u>

Net assets without donor restrictions for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	<u>\$ 784,222</u>	<u>\$ 827,839</u>

Net assets released from net assets with donor restrictions were as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of Time Restrictions	\$ 15,546	\$ 5,785
Satisfaction of Purpose Restrictions	<u>2,120,134</u>	<u>1,938,606</u>
	<u>\$ 2,135,680</u>	<u>\$ 1,944,391</u>

**9. DONATED SERVICES, MEALS AND SHELTER**

Religious congregations in the Greater Cincinnati area provide shelter and meals to homeless families through the programs offered by the Organization. Because the shelter and meals are provided directly to the homeless families, the in-kind value is not reflected in the Organization's financial statements. Management estimates that approximately 10,453 and 9,349 shelter nights were provided in 2019 and 2018, respectively, at an estimated value of \$40 per person per night, for total estimated values of \$418,120 and \$373,960 for the years ended December 31, 2019 and 2018, respectively.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**10. LEASES**

The Organization leases various office and household equipment under long-term lease agreements which are classified as operating leases. On January 9, 2020, the Organization also entered into a lease agreement with the owner of two buildings for ten rentable rooms to provide housing for homeless individuals and families. The term of the lease is one year and total rent for all ten units may not exceed \$7,250 per month. As of December 31, 2019, five units were subleased with a monthly rent due of \$3,150.

The following is a schedule of future minimum lease payments for the operating leases:

2020	\$ 32,875
2021	<u>1,217</u>
Total	<u>\$ 34,092</u>

Total lease expense amounted to \$6,112 and 4,225 in 2019 and 2018, respectively.

**11. RETIREMENT PLAN**

The Organization sponsors a retirement benefit plan for substantially all of its full time employees. The defined contribution plan meets the requirements of a Savings Incentive Match Plan for Employees (SIMPLE) as defined by the Internal Revenue Service, and is funded by contributions from the Organization and employees. Employer contributions are up to 3% of compensation, and employees are vested immediately in employer contributions. The Organization contributed \$10,147 and \$8,816 to the plan in 2019 and 2018, respectively.

**12. CONCENTRATIONS**

During 2019, one grantor represented approximately 67% of the Organization's total revenue for the year. In 2018, one grantor represented approximately 64% of the Organization's total revenue. As of December 31, 2019 and 2018, receivables from one grantor represented 85% and 89%, respectively, of total grants and pledges receivable, combined. The primary grantor is the U.S. Department of Housing and Urban Development. The Organization expects this to continue to be a reliable source of funds, and therefore it does not pose a significant concentration risk.

**13. RELATED PARTY TRANSACTIONS**

Facilities from which the Organization conducts its operations are leased from a related party under an 80 year agreement with a total lease payment of \$10. The Organization has a 50% ownership interest in this entity, as discussed in Note 3 and 6

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**14. SUBSEQUENT EVENTS - COVID-19**

The Organization evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were available to be issued. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact donor contributions and pledges receivable. Other financial impact could occur though such potential impact is unknown at this time.

Refer to Note 10 regarding lease agreement entered into on January 9, 2020.



Certified Public Accountants, Inc. Business Management and Financial Services

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Interfaith Hospitality Network of Greater Cincinnati  
Cincinnati, OH

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Interfaith Hospitality Network of Greater Cincinnati (a nonprofit corporation, the "Organization"), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities, and statements of cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 18, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sheldon Reden CPAs

Cincinnati, Ohio  
August 18, 2020



**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>2019 Total Federal Expenditures</u>	<u>2018 Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Emergency Solutions Grants Program	14.231	\$ 357,850	\$ 233,201
Continuum of Care Program	14.267	<u>1,275,738</u>	<u>1,223,158</u>
		1,633,588	1,456,359
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	<u>5,081</u>	<u>9,301</u>
		<u>\$ 1,638,669</u>	<u>\$ 1,465,660</u>
Pass-through program awards from prime recipient, Strategies to End Homelessness, Inc.:			
	<u>Contract Number</u>		
Emergency Solutions Grant - Emergency Shelter	201916	\$ 32,866	\$ -
Emergency Solutions Grant - Emergency Shelter	201802	-	30,553
Emergency Solutions Grant - Rapid Rehousing Assistance	20193008	114,440	-
Emergency Solutions Grant - Rapid Rehousing Assistance	201818	210,544	202,648
Continuum of Care - Rapid Rehousing for Families	201939	150,433	-
Continuum of Care - Rapid Rehousing for Families	201833	145,411	200,944
Continuum of Care - Rapid Rehousing for Families	201738	-	206,014
Continuum of Care - Permanent Supportive Housing	201937	200,988	-
Continuum of Care - Permanent Supportive Housing	201831	201,881	211,621
Continuum of Care - Permanent Supportive Housing	201737	-	181,240
Continuum of Care - Permanent Supportive Housing 2	201938	216,505	-
Continuum of Care - Permanent Supportive Housing 2	201832	210,618	206,901
Continuum of Care - Permanent Supportive Housing 2	201770	-	180,949
Continuum of Care - Family Housing Partnership	201940	24,536	-
Continuum of Care - Family Housing Partnership	201830	11,869	23,303
Continuum of Care - Family Housing Partnership	201736	-	12,186
Continuum of Care - Youth Homelessness Demonstration Program	201926	56,208	-
Continuum of Care - Rapid Transition to Housing	201968	<u>57,289</u>	<u>-</u>
Total pass-through program awards from prime recipients		<u>1,633,588</u>	<u>1,456,359</u>
Emergency Food and Shelter National Board Program	35-6756-00 095 E1	<u>5,081</u>	<u>9,301</u>
		<u>\$ 1,638,669</u>	<u>\$ 1,465,660</u>

See accompanying notes and accountants' report.

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**A. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Interfaith Hospitality Network of Greater Cincinnati (the "Organization") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**C. INDIRECT COST ALLOCATION**

The organization has not elected to the 10 percent *de minimis* indirect cost rate under Title 2 CFR Section 200.414(f). Allowable facilities and administrative costs that benefit all programs and cannot be identified to a specific program are allocated to programs using a specifically identified base that results in an equitable distribution of costs.

**D. SUB-RECIPIENT STATUS**

The Organization is a sub-recipient that receives a sub-award from a pass-through entity to carry out part of the federal programs identified in the Schedule. As such, the Organization conducts program activities and incurs related costs, submits reimbursement requests to the pass-through entity, and receives federal award funds upon approval of reimbursement requests.

**E. SINGLE AUDIT REQUIREMENT**

The year ended December 31, 2016 was the first year the Organization was required to have an audit under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), located in Title 2 U.S. Code of Federal Regulations, Part 200.



Certified Public Accountants, Inc. Business Management and Financial Services

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Interfaith Hospitality Network of Greater Cincinnati  
Cincinnati, OH

**Report on Compliance for Each Major Federal Program**

We have audited Interfaith Hospitality Network of Greater Cincinnati's (the "Organization's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Interfaith Hospitality Network of Greater Cincinnati complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## Report on Internal Control over Compliance

Management of Interfaith Hospitality Network of Greater Cincinnati is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sheldon Reeder CPAs

Cincinnati, Ohio  
August 18, 2020

**INTERFAITH HOSPITALITY NETWORK OF GREATER CINCINNATI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Interfaith Hospitality Network (the "Organization") were prepared in accordance with GAAP.
2. No significant deficiencies and no material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported during the audit of the Organization.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. No audit findings relating to the federal award program were noted that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was CFDA 14.231, Emergency Solutions Grants Program.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Organization qualified as a low-risk auditee for the year ended December 31, 2019.

**FINDINGS - None**