

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED MARCH 31, 2020 AND 2019**

**INTERFAITH OUTREACH & COMMUNITY PARTNERS  
TABLE OF CONTENTS  
YEARS ENDED MARCH 31, 2020 AND 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Interfaith Outreach & Community Partners  
Plymouth, Minnesota

We have audited the accompanying financial statements of Interfaith Outreach & Community Partners, which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and 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 controls 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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  
Interfaith Outreach & Community Partners

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Outreach & Community Partners as of March 31, 2020 and 2019, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
June 24, 2020

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,425,804	\$ 3,662,501
Short-Term Investments	953,755	852,767
Grants Receivable	2,018	-
Pledges Receivable	-	210,000
Inventory	165,975	163,650
Other Assets	151,620	169,116
Total Current Assets	5,699,172	5,058,034
<b>PROPERTY AND EQUIPMENT, NET</b>	5,103,894	5,234,116
Total Assets	\$ 10,803,066	\$ 10,292,150
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 72,900	\$ 98,953
Accrued Expenses	63,013	61,887
Deferred Revenue	137,025	209,895
Total Current Liabilities	272,938	370,735
<b>NET ASSETS</b>		
Undesignated	1,282,213	1,282,214
Board-Designated	3,504,587	2,526,852
Invested in Property and Equipment	5,103,894	5,234,116
Total Net Assets Without Donor Restrictions	9,890,694	9,043,182
Net Assets With Donor Restrictions	639,434	878,233
Total Net Assets	10,530,128	9,921,415
Total Liabilities and Net Assets	\$ 10,803,066	\$ 10,292,150

See accompanying Notes to Financial Statements.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2019**

	2020				
	Operating - Without Donor Restrictions	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT</b>					
Grants and Contributions	\$ 4,586,021	\$ -	\$ 4,586,021	\$ 779,173	\$ 5,365,194
In-Kind Donations and Donated Services	2,802,087	-	2,802,087	-	2,802,087
Fundraising Event Contributions	247,753	-	247,753	131,247	379,000
Total Support	<u>7,635,861</u>	<u>-</u>	<u>7,635,861</u>	<u>910,420</u>	<u>8,546,281</u>
<b>REVENUE</b>					
Resale Select Revenues	473,666	-	473,666	-	473,666
Rental Income	148,033	-	148,033	-	148,033
Fundraising Events, Net of Expenses of \$94,030 and \$65,352, Respectively	79,004	-	79,004	-	79,004
Program Service Revenues	35,500	-	35,500	-	35,500
Miscellaneous Income	2,604	-	2,604	-	2,604
Total Revenue	<u>738,807</u>	<u>-</u>	<u>738,807</u>	<u>-</u>	<u>738,807</u>
Net Assets Released from Restrictions	<u>1,149,219</u>	<u>-</u>	<u>1,149,219</u>	<u>(1,149,219)</u>	<u>-</u>
Total Support and Revenue	9,523,887	-	9,523,887	(238,799)	9,285,088
<b>EXPENSES</b>					
Program Expenses	6,969,917	-	6,969,917	-	6,969,917
Management and General Expenses	988,441	-	988,441	-	988,441
Fundraising Expenses	747,437	-	747,437	-	747,437
Total Expenses	<u>8,705,795</u>	<u>-</u>	<u>8,705,795</u>	<u>-</u>	<u>8,705,795</u>
<b>CHANGE IN OPERATING NET ASSETS</b>	818,092	-	818,092	(238,799)	579,293
<b>NONOPERATING ACTIVITIES</b>					
Interest Income	8,637	20,783	29,420	-	29,420
Transfer to (from) Board-Designated Reserves	(956,952)	956,952	-	-	-
Total Nonoperating Activities	<u>(948,315)</u>	<u>977,735</u>	<u>29,420</u>	<u>-</u>	<u>29,420</u>
<b>CHANGE IN NET ASSETS</b>	(130,223)	977,735	847,512	(238,799)	608,713
Net Assets - Beginning of Year	<u>6,516,330</u>	<u>2,526,852</u>	<u>9,043,182</u>	<u>878,233</u>	<u>9,921,415</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,386,107</u>	<u>\$ 3,504,587</u>	<u>\$ 9,890,694</u>	<u>\$ 639,434</u>	<u>\$ 10,530,128</u>

See accompanying Notes to Financial Statements.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2019**

	2019				Total
	Operating - Without Donor Restrictions	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	
<b>SUPPORT</b>					
Grants and Contributions	\$ 3,252,266	\$ -	\$ 3,252,266	\$ 906,463	\$ 4,158,729
In-Kind Donations and Donated Services	2,896,445	-	2,896,445	-	2,896,445
Fundraising Event Contributions	140,757	-	140,757	235,527	376,284
Total Support	<u>6,289,468</u>	<u>-</u>	<u>6,289,468</u>	<u>1,141,990</u>	<u>7,431,458</u>
<b>REVENUE</b>					
Resale Select Revenues	473,100	-	473,100	-	473,100
Rental Income	182,062	-	182,062	-	182,062
Fundraising Events, Net of Expenses of \$94,030 and \$65,352, Respectively	68,287	-	68,287	-	68,287
Program Service Revenues	38,375	-	38,375	-	38,375
Miscellaneous Income	12,443	-	12,443	-	12,443
Total Revenue	<u>774,267</u>	<u>-</u>	<u>774,267</u>	<u>-</u>	<u>774,267</u>
Net Assets Released from Restrictions	<u>1,433,371</u>	<u>-</u>	<u>1,433,371</u>	<u>(1,433,371)</u>	<u>-</u>
Total Support and Revenue	8,497,106	-	8,497,106	(291,381)	8,205,725
<b>EXPENSES</b>					
Program Expenses	7,161,977	-	7,161,977	-	7,161,977
Management and General Expenses	825,054	-	825,054	-	825,054
Fundraising Expenses	619,497	-	619,497	-	619,497
Total Expenses	<u>8,606,528</u>	<u>-</u>	<u>8,606,528</u>	<u>-</u>	<u>8,606,528</u>
<b>CHANGE IN OPERATING NET ASSETS</b>	(109,422)	-	(109,422)	(291,381)	(400,803)
<b>NONOPERATING ACTIVITIES</b>					
Interest Income	7,088	19,483	26,571	-	26,571
Transfer to (from) Board-Designated Reserves	(53,083)	53,083	-	-	-
Total Nonoperating Activities	<u>(45,995)</u>	<u>72,566</u>	<u>26,571</u>	<u>-</u>	<u>26,571</u>
<b>CHANGE IN NET ASSETS</b>	(155,417)	72,566	(82,851)	(291,381)	(374,232)
Net Assets - Beginning of Year	<u>6,671,747</u>	<u>2,454,286</u>	<u>9,126,033</u>	<u>1,169,614</u>	<u>10,295,647</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,516,330</u>	<u>\$ 2,526,852</u>	<u>\$ 9,043,182</u>	<u>\$ 878,233</u>	<u>\$ 9,921,415</u>

See accompanying Notes to Financial Statements.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	Program Service Expenses						2020 Total
	Discover Community Needs and Opportunities	Engage Stakeholders and Partners	Deliver Services	Total Program Expenses	Management and General Expenses	Fundraising Expenses	
Food	\$ -	\$ -	\$ 1,587,825	\$ 1,587,825	\$ -	\$ -	\$ 1,587,825
Housing and Neighborhoods	-	-	995,199	995,199	-	-	995,199
Education and Youth	-	-	513,171	513,171	-	-	513,171
Transportation	-	-	304,625	304,625	-	-	304,625
Family Support	-	-	281,044	281,044	-	-	281,044
Employment	-	-	9,491	9,491	-	-	9,491
Subtotal with In-Kinds	-	-	3,691,355	3,691,355	-	-	3,691,355
Salaries	198,419	432,178	791,125	1,421,722	588,963	452,898	2,463,583
Employee Benefits	17,275	37,630	68,680	123,585	50,808	39,476	213,869
Payroll Taxes	14,544	31,674	57,886	104,104	43,487	33,441	181,032
Subtotal	230,238	501,482	917,691	1,649,411	683,258	525,815	2,858,484
Occupancy	35,859	100,890	118,336	255,085	24,550	20,102	299,737
Office Expenses	18,302	57,142	75,276	150,720	36,279	82,432	269,431
Professional Services	10,970	25,673	35,082	71,725	176,268	9,918	257,911
Marketing	2,505	13,678	7,639	23,822	8,669	71,860	104,351
Special Event Direct Expense	-	-	-	-	-	94,030	94,030
Miscellaneous Expense	5,740	16,477	21,003	43,220	16,697	10,938	70,855
In-Kinds: Resale	-	730,948	128,991	859,939	-	-	859,939
In-Kinds: Other	-	16,352	63,186	79,538	28,347	14,737	122,622
Total Expenses Before Depreciation	303,614	1,462,642	5,058,559	6,824,815	974,068	829,832	8,628,715
Depreciation	18,709	57,705	68,688	145,102	14,373	11,635	171,110
Total Functional Expenses	322,323	1,520,347	5,127,247	6,969,917	988,441	841,467	8,799,825
Less: Special Event Direct Expense	-	-	-	-	-	(94,030)	(94,030)
Total Expenses per Statement of Activities	<u>\$ 322,323</u>	<u>\$ 1,520,347</u>	<u>\$ 5,127,247</u>	<u>\$ 6,969,917</u>	<u>\$ 988,441</u>	<u>\$ 747,437</u>	<u>\$ 8,705,795</u>

See accompanying Notes to Financial Statements.



**INTERFAITH OUTREACH & COMMUNITY PARTNERS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2019**

	Program Service Expenses						2019 Total
	Discover Community Needs and Opportunities	Engage Stakeholders and Partners	Deliver Services	Total Program Expenses	Management and General Expenses	Fundraising Expenses	
Food	\$ -	\$ -	\$ 1,426,666	\$ 1,426,666	\$ -	\$ -	\$ 1,426,666
Housing and Neighborhoods	-	-	1,101,378	1,101,378	-	-	1,101,378
Education and Youth	-	-	453,749	453,749	-	-	453,749
Transportation	-	-	448,886	448,886	-	-	448,886
Family Support	-	-	250,891	250,891	-	-	250,891
Employment	-	-	14,871	14,871	-	-	14,871
Subtotal with In-Kinds	-	-	3,696,441	3,696,441	-	-	3,696,441
Salaries	174,890	367,519	771,987	1,314,396	541,732	335,573	2,191,701
Employee Benefits	17,843	37,705	78,112	133,660	56,247	35,054	224,961
Payroll Taxes	12,724	26,693	56,378	95,795	39,885	24,706	160,386
Subtotal	205,457	431,917	906,477	1,543,851	637,864	395,333	2,577,048
Occupancy	34,444	94,894	113,836	243,174	24,072	19,227	286,473
Office Expenses	17,164	52,627	77,668	147,459	29,801	68,353	245,613
Professional Services	13,032	27,457	47,573	88,062	55,775	33,830	177,667
Marketing	2,508	9,994	11,639	24,141	9,707	62,351	96,199
Miscellaneous Expense	6,626	12,180	21,601	40,407	18,488	6,848	65,743
Special Event Direct Expense	-	-	-	-	-	65,352	65,352
In-Kinds: Resale	-	756,096	133,429	889,525	-	-	889,525
In-Kinds: Other	-	138,002	201,037	339,039	34,500	21,536	395,075
Total Expenses Before Depreciation	279,231	1,523,167	5,209,701	7,012,099	810,207	672,830	8,495,136
Depreciation	19,325	59,602	70,951	149,878	14,847	12,019	176,744
Total Functional Expenses	298,556	1,582,769	5,280,652	7,161,977	825,054	684,849	8,671,880
Less: Special Event Direct Expense	-	-	-	-	-	(65,352)	(65,352)
Total Expenses per Statement of Activities	<u>\$ 298,556</u>	<u>\$ 1,582,769</u>	<u>\$ 5,280,652</u>	<u>\$ 7,161,977</u>	<u>\$ 825,054</u>	<u>\$ 619,497</u>	<u>\$ 8,606,528</u>

See accompanying Notes to Financial Statements.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 608,713	\$ (374,232)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	171,110	176,744
Loss on Disposal of Property and Equipment	2,443	1,314
Changes in Assets and Liabilities:		
Grants Receivable	(2,018)	95,000
Pledges Receivable	210,000	200,000
Inventory	(2,325)	(16,397)
Other Assets	17,496	(110,973)
Accounts Payable	(26,053)	22,393
Accrued Expenses	1,126	(1,159)
Deferred Revenue	(72,870)	75,955
Net Cash Provided by Operating Activities	907,622	68,645
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(43,331)	(40,136)
Proceeds on Sale of Property and Equipment	-	2,250
Purchase of Short-Term Investments	(100,988)	(1,745)
Net Cash Used by Investing Activities	(144,319)	(39,631)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	763,303	29,014
Cash and Cash Equivalents - Beginning of Year	3,662,501	3,633,487
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,425,804	\$ 3,662,501
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
In-Kind Donations	\$ 2,802,087	\$ 2,896,445

See accompanying Notes to Financial Statements.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS**

The mission of Interfaith Outreach & Community Partners (Interfaith Outreach) is to engage the heart and will of the community to respond to emergency needs and create opportunities for all to thrive. A suburban human service nonprofit serving low-income families and individuals of eight west Hennepin County communities, Interfaith Outreach mobilizes human, financial and in-kind resources that help residents move past crises, overcome barriers to successful living, and access opportunities to build strong futures. Fourteen percent of residents living in the Interfaith Outreach service area struggle with poverty. Interfaith Outreach delivers services in the areas of family support, food, housing and neighborhoods, education and youth, employment, and transportation. Interfaith Outreach has been serving residents of Hamel, Long Lake, Medicine Lake, Medina, Minnetonka Beach, Orono, Plymouth, and Wayzata since 1979.

**Discover Community Needs and Opportunities**

Interfaith Outreach and its community partners stay in touch with changing needs, trends, aspirations and opportunities that inform and position the organization and the community for timely collective action and impact.

**Engage Stakeholders and Partners**

Interfaith Outreach engages community partners, stakeholders, volunteers and program participants in addressing complex socio-economic issues; leveraging resources (money, tangible goods, time and expertise); building mutually beneficial relationships; creating a welcoming and inclusive community experience; and enhancing overall service delivery and community impact.

Since 1979, Interfaith Outreach has successfully partnered across community sectors and systems — with thousands of volunteers and donors, faith communities, charitable foundations, public/private education systems, corporations, local businesses, health systems, government entities, civic/community groups, and other family service organizations — to lead, rally and ignite the power of a caring community to respond to need in times of crises, to remove barriers that marginalize families and kids, and to create opportunities for all to thrive. On-site partners including Hennepin County Women, Infant and Children (WIC) services; Wayzata Public Schools; Washburn Center for Children; and Relate Counseling Center; extend our impact.

Resale Select, a thrift/resale store open to the public, sells contemporary, top-quality clothing and household goods donated by the community. The store, located on-site, benefits Interfaith Outreach by making donated clothing and household goods available to local struggling families and the general public while engaging volunteers in service and leadership.

**Deliver Services**

Interfaith Outreach delivers individualized services to help families stabilize, strengthen, and thrive each year. In the 2020 fiscal year, we helped 1,951 families:

STABILIZE: Families have resolved immediate crises, are meeting basic needs, and have a plan for immediate support.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS (CONTINUED)**

**Deliver Services (Continued)**

STRENGTHEN: Families have fewer emergency needs, are able to navigate and overcome barriers, create plans and pursue opportunities to achieve their goals.

THRIVE: Families' basic needs are met. They have established support networks, gained a working knowledge of community resources and ways to access them, are engaged in the community, and are achieving their goals.

We provide services in six impact areas:

FOOD: The food shelf provides a food safety net and supplemental resource for families and individuals who live on low and fixed incomes.

FAMILY SUPPORT: Case managers work side by side with families in times of need such as job loss, pending eviction, family breakup, a medical crisis, car repair, child care needs, access to mental health services and more. In addition, holiday and birthday gifts, baby layettes, and other services engage our community in caring for the little things in the life of a family that often make a huge difference.

HOUSING AND NEIGHBORHOODS: We provide rent assistance to prevent homelessness, offer transitional housing support for homeless families with children, provide intense case management services for formerly long-term homeless families, provide comprehensive support for families who live in nine multi-unit affordable housing neighborhoods, and partner with developers to preserve and increase the number of affordable rental units in our community.

EDUCATION AND YOUTH: We are engaged in a Collective Impact initiative that brings together local early childhood care providers, the Wayzata and Orono school districts, community health care providers, volunteers, and other stakeholders to provide programs and services designed to close educational opportunity and achievement gaps among preschool, school-age children and youth of our community.

EMPLOYMENT: We support adults to find and keep jobs by addressing work readiness barriers, identifying and building skills, and implementing individual job search strategies. We partner with local businesses and training providers to connect clients with opportunities that set them up for living wage employment.

TRANSPORTATION: We provide transportation assistance to ensure people can find and keep jobs, a critical need in the suburbs where public transportation options are limited. Volunteer drivers provide rides to medical appointments, as well as Adult Basic Education and English Language Learning classes.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF OPERATIONS (CONTINUED)**

**Shift to Essential Services Model**

With the onset of the COVID-19 pandemic and various mitigation efforts, such as “stay at home” orders, Interfaith Outreach shifted to an essential services model of service delivery in March 2020. At the close of the fiscal year, our present focus is on food, emergency financial assistance and welcoming new clients. Plans are in motion for effectively addressing anticipated increased need in the community.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Interfaith Outreach and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Resources that are not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources.

*Net Assets With Donor Restrictions* – Those resources subject to donor-imposed restrictions which will be satisfied by actions of Interfaith Outreach or passage of time.

**Cash and Cash Equivalents**

Interfaith Outreach considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At various times throughout the year, Interfaith Outreach had cash balances in excess of Federal Deposit Insurance Corporation insurance limits.

**Short-Term Investments**

Short-term investments consist of brokered certificates of deposit with maturity dates of 12 months or less. Short-term investments are recorded at cost, which approximates fair value.

**Grants and Pledges Receivable**

Grants and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the grant or pledge is received. Amortization of the discount is included in contribution revenue. Conditional grants and pledges are not included as support until such time as the conditions are substantially met.

Bad debts are provided for using the reserve method based upon management’s assessment of collectability. When all collection efforts are exhausted, the balance is written off against the related allowance. At March 31, 2020 and 2019, balances for pledges receivable were \$0 and \$210,000, respectively. No discount and no allowance were recorded in either year.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory consists of food shelf inventory and Resale Select inventory.

Food shelf inventory represents perishable and nonperishable food and other household products on hand at year-end. Items have either been purchased by Interfaith Outreach or donated. Items are valued at an average cost per pound of \$1.65 and \$1.71 at March 31, 2020 and 2019, respectively.

Pounds of food distributed to clients from the food shelf during the years ended March 31, 2020 and 2019 totaled 950,645 and 971,195, respectively. The total value of food distributed, using \$1.65 and \$1.71 per pound, was \$1,568,564 and \$1,660,744 for the years ended March 31, 2020 and 2019, respectively. In-kind food contributions totaled \$1,306,415 and \$1,422,164 for the years ended March 31, 2020 and 2019, respectively. Interfaith Outreach purchased food inventory of \$140,406 and \$108,620 for the years ended March 31, 2020 and 2019, respectively.

Resale Select inventory represents donated clothing and other household goods on hand at year-end that are available for sale. Items are recorded at an estimated value based upon the type of item. In-kind contributions totaled \$877,405 and \$911,985 for the years ended March 31, 2020 and 2019, respectively.

**Property and Equipment**

Interfaith Outreach capitalizes all expenditures for property and equipment in excess of \$2,500. Purchases of personal computers, including desktops, laptops, and personal printers are expensed regardless of cost. Property and equipment is carried at cost, if purchased, or fair market value at the date of gift, if received as contributions.

Depreciation is computed on a straight-line basis over estimated useful lives of 15 to 40 years for building and building improvements and 5 to 10 years for equipment. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance, repairs, and minor replacements are expensed as incurred.

**Gift Cards**

Gift cards provided to clients are expensed when redeemed at Resale Select.

**Revenue Recognition**

Grants and contributions are recognized as revenue when they are received or unconditionally pledged.

Interfaith Outreach reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-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 statements of activities as Net Assets Released from Restrictions.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Resale Select revenues are recognized at the point of sale. Fundraising event revenue consists of event tickets, auctions and raffles and is recognized at a point in time when the respective event takes place. Program service revenue is recognized over a period of time as contracted services are provided and earned. Rental income is recognized on a straight-line basis over the period of time outlined in the contract terms.

The following table shows the Interfaith Outreach's program revenue disaggregated according to the timing of the transfer of goods and services:

	2020	2019
Revenue Recognized at Point in Time:		
Resale Select Revenues	\$ 473,666	\$ 473,100
Fundraising Events	79,004	68,287
Total Revenue Recognized at Point in Time	\$ 552,670	\$ 541,387
Revenue Recognized Over Time:		
Program Service Revenues	\$ 35,500	\$ 38,375
Rental Income	148,033	182,062
Total Revenue Recognized Over Time	\$ 183,533	\$ 220,437

**In-Kind Donations**

Contributions of noncash items (e.g., food, clothing, and household goods) are recorded at their fair values in the period received. Interfaith Outreach receives a significant amount of donated items each year. The amount of in-kind donations received totaled \$2,723,930 and \$2,782,482 for the years ended March 31, 2020 and 2019, respectively.

**Donated Services**

Interfaith Outreach receives a substantial amount of services donated by its volunteers in carrying out its mission and exempt purpose. Contributions of 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 their estimated fair values in the period received. The amount of donated services recorded for the years ended March 31, 2020 and 2019 was \$78,157 and \$113,963, respectively.

In addition, there was a significant amount of services provided by volunteers that have not been reflected in the accompanying statements of activities because the accounting criteria for recognition of such volunteer efforts have not been satisfied. These additional volunteer hours totaled approximately 52,000 and 56,000 and were valued at approximately \$1,331,000 and \$1,400,000 for the years ended March 31, 2020 and 2019, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Nonoperating Activities**

Nonoperating activities consist of gains and losses and other occurrences that fall outside of the normal operations of Interfaith Outreach and reserve transfers designated by the board for long-term housing projects and operating reserves.

**Tax-Exempt Status**

Interfaith Outreach is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state statutes and is generally not subject to income taxes. It has been classified as an organization that is not a private foundation under the IRC. Charitable contributions by donors are tax deductible.

Interfaith Outreach follows the income tax standard regarding the recognition and measurement of uncertain tax positions. Interfaith Outreach's tax returns are subject to review by federal and state authorities. Interfaith Outreach is not aware of any activities that would jeopardize its tax-exempt status.

**Change in Accounting Principle**

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Interfaith Outreach's financial statements reflect the full retrospective application of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact Interfaith Outreach's reported revenue.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. There was no material impact on the Interfaith Outreach's financial position or changes in net assets upon adoption of the new standard using the modified retrospective approach.



**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements to agree with the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

**Subsequent Events**

In preparing these financial statements, Interfaith Outreach has evaluated subsequent events and transactions for potential recognition or disclosure through June 24, 2020, the date the financial statements were available to be issued.

**NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES**

Interfaith Outreach routinely monitors liquidity for operations in accordance with its financial policies. In the event of an unanticipated liquidity need, the Philanthropic Equity Reserve and general operating reserve could be accessed with board approval. In addition, Interfaith Outreach has a committed line of credit in the amount of \$200,000, which it could draw upon as needed (see Note 5).

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 4,425,804	\$ 3,662,501
Short-Term Investments	953,755	852,767
Total	<u>5,379,559</u>	<u>4,515,268</u>
Less Balances Restricted by Donor or Board Designation:		
Funds designated by the Board for Housing	(412,835)	(408,215)
Funds designated by the Board for Future Building Needs	(377,358)	(389,902)
Funds designated by the Board as a General Operating Reserve	(538,000)	(538,000)
Funds designated by the Board as a Founders Fund	(1,139,646)	(134,652)
Funds designated by the Board raised by the Philanthropic Equity Campaign	<u>(1,036,748)</u>	<u>(1,056,083)</u>
Total	<u>\$ 1,874,972</u>	<u>\$ 1,988,416</u>

Other assets estimated to be available within 12 months include grants receivable of \$2,018 and \$0, and accounts receivable of \$68,413 and \$78,527 for the years ended March 31, 2020 and 2019, respectively.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019**

**NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

According to its financial policies, Interfaith Outreach maintains reserves to ensure the stability of its mission, programs, employment, and ongoing operations of the organization. Authority to use reserves is governed by the Reserve Policy, with approvals required by the board or committee of the board. Reserves include the following:

- Housing Reserve – For projects to increase the number of affordable housing properties in our service area. Board policy is to maintain this fund at \$200,000-\$400,000, with the intention to fund housing projects at \$200,000 per project.
- Building Reserve – For maintaining the assets of the Interfaith Outreach headquarters building. A Facilities Committee meets periodically to assess major maintenance needs of the building such as roofing, HVAC, parking lot, etc. and the target balance is calculated using a five-year estimated cost projection.
- Operating Reserve – To ensure a ready source of funds for unexpected or unplanned expenses, a target minimum of one month of budgeted operating costs, excluding depreciation, in-kinds, and one-time expenses is reserved.
- Founders Fund – Launched in FY19, these funds are used to maintain and grow programming around three critical areas in our community: expand affordable housing, enhance academic success of children and youth, and access to mental health services.
- Philanthropic Equity Reserve – Funds raised in 2014 during a one-time philanthropic equity campaign, known as the Stabilize, Strengthen, and Thrive (SST) Campaign, are used to strengthen programs, increase revenue-generation capabilities, expand organizational and community impact, and support the organization finances and operating budget. The SST Reserve is expected to be exhausted over time and not replenished.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment at March 31 consists of the following:

	2020	2019
Land	\$ 1,463,769	\$ 1,463,769
Building	4,504,938	4,490,524
Equipment	605,391	624,160
Total Property and Equipment	<u>6,574,098</u>	<u>6,578,453</u>
Less: Accumulated Depreciation	<u>(1,470,204)</u>	<u>(1,344,337)</u>
Property and Equipment, Net	<u>\$ 5,103,894</u>	<u>\$ 5,234,116</u>

Depreciation expense was \$171,110 and \$176,744 for the years ended March 31, 2020 and 2019, respectively.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 5 LINE OF CREDIT**

Interfaith Outreach has an available line of credit with a bank enabling it to borrow up to \$200,000. The line of credit is unsecured and bears interest at a variable rate of 3.25% at March 31, 2020 and 2019. The line of credit agreement will mature in January 2021. There was no outstanding balance at March 31, 2020 and 2019.

**NOTE 6 NET ASSETS**

**Without Donor Restrictions**

Net assets without donor restrictions consist of the following at March 31:

	<u>2020</u>	<u>2019</u>
Invested in Property and Equipment	\$ 5,103,894	\$ 5,234,116
Undesignated	1,282,213	1,282,214
Board-Designated:		
Founders Fund	1,139,646	134,652
Philanthropic Equity Reserve	1,036,748	1,056,083
Long-Term Housing Reserve	412,835	408,215
Building Reserve	377,358	389,902
Operating Reserve	<u>538,000</u>	<u>538,000</u>
Total Board-Designated	<u>3,504,587</u>	<u>2,526,852</u>
Total Net Assets Without Donor Restrictions	<u>\$ 9,890,694</u>	<u>\$ 9,043,182</u>

The designated reserves are to be used with board authorization, as outlined in Note 3.

**With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at March 31:

	<u>2020</u>	<u>2019</u>
Subject to Passage of Time:		
Philanthropic Equity Campaign Pledges	\$ -	\$ 210,000
Subject to Expenditure for Specific Purpose:		
Programs	<u>639,434</u>	<u>668,233</u>
Total	<u>\$ 639,434</u>	<u>\$ 878,233</u>

**Released from Restriction**

Net assets released from restriction for the years ended March 31 included the following:

	<u>2020</u>	<u>2019</u>
Time Restrictions Expired:		
Philanthropic Equity Campaign	\$ 210,000	\$ 210,000
Programs	-	25,000
Purpose Restrictions Accomplished:		
Programs	<u>939,219</u>	<u>1,198,371</u>
Total	<u>\$ 1,149,219</u>	<u>\$ 1,433,371</u>

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 7 IN-KIND DONATIONS**

Interfaith Outreach receives various in-kind donations throughout the year. In-kind donations are valued at their estimated fair value and consisted of the following for the years ended March 31:

	<u>2020</u>	<u>2019</u>
Food	\$ 1,447,800	\$ 1,565,963
Resale Select	915,540	956,227
Family Support	161,289	154,013
Education and Youth	93,434	123,460
Fundraising	119,798	38,138
Employment	17,368	17,170
Transportation	9,304	6,915
Other	37,554	34,559
Total	<u>\$ 2,802,087</u>	<u>\$ 2,896,445</u>

**NOTE 8 RENTAL INCOME**

Interfaith Outreach leases portions of its building to governmental organizations under lease agreements that expire through December 2021. Rental income is charged at a fixed rate based on square footage used by the other organizations. Rental income related to these leases was \$148,033 and \$182,062 for the years ended March 31, 2020 and 2019, respectively. Included within rental income is revenue related to the tenants' share of expenses in the amount of \$46,867 and \$54,637 for the years ended March 31, 2020 and 2019, respectively.

Future minimum rental income is as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2021	\$ 103,881
2022	68,628
Total	<u>\$ 172,509</u>

**INTERFAITH OUTREACH & COMMUNITY PARTNERS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 9 PROGRAM EXPENSES BY IMPACT AREA**

Programs are delivered across six impact areas: Food, Housing and Neighborhoods, Education and Youth, Family Support, Transportation, and Employment. Resale Select and Community Engagement support these six areas. Expenses, including in-kinds and depreciation, follow as of March 31:

	<u>2020</u>	<u>2019</u>
Food	\$ 1,876,804	\$ 1,937,234
Housing and Neighborhoods	1,347,566	1,417,519
Education and Youth	1,086,289	1,059,218
Family Support	748,036	681,922
Transportation	326,331	501,048
Employment	274,904	264,538
Resale Select	1,129,414	1,142,902
Community Engagement	180,573	157,596
Total Program Expenses	<u>\$ 6,969,917</u>	<u>\$ 7,161,977</u>

**NOTE 10 RETIREMENT PLAN**

Interfaith Outreach has a 401(k) defined contribution plan for all employees. Employer contributions are 1% of compensation to be approved at the discretion of the board of directors. Total employer contributions expensed for the years ended March 31, 2020 and 2019 totaled \$22,108 and \$19,110, respectively.

**NOTE 11 CONCENTRATION OF CREDIT RISK**

**Cash and Cash Equivalents**

Interfaith Outreach maintains its cash balances in financial institutions located in Wayzata and Plymouth, Minnesota, which at times may exceed federally insured limits. Excess balances in Interfaith Outreach's operating account are invested overnight under a repurchase agreement secured by marketable U.S. government or agency securities. Interfaith Outreach has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Economic Dependency**

Interfaith Outreach is dependent on continuing contributions from supporting individuals, faith communities, foundations, corporations, businesses, civic and government entities and the community to meet annual operating expenses.

**INTERFAITH OUTREACH & COMMUNITY PARTNERS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019**

**NOTE 12 RELATED PARTY TRANSACTIONS**

**Interfaith Outreach and Community Partners Endowment Fund**

Interfaith Outreach and Community Partners Endowment Fund (the Endowment Fund) is a separate nonprofit corporation governed by a board of directors to which Interfaith Outreach can appoint three members, which is a minority percentage of the total board. The Endowment Fund's purpose is to receive gifts, monitor the investments of the funds, and to make discretionary grants to Interfaith Outreach. Though not required to be consolidated, the Endowment Fund is considered a related party. During the years ended March 31, 2020 and 2019, Interfaith Outreach received grants totaling \$16,300 and \$158,524, respectively, from the Endowment Fund.

**Board Member Contributions**

Interfaith Outreach's board members make donations to the organization throughout the year. During the years ended March 31, 2020 and 2019, Interfaith Outreach current and former board members' donations and pledges to Interfaith Outreach totaled \$517,585 and \$441,411, respectively. Pledges receivable from current and former board members at March 31, 2020 and 2019 totaled \$0 and \$10,000, respectively.

**NOTE 13 SUBSEQUENT EVENTS**

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to Interfaith Outreach, COVID-19 may impact various parts of its fiscal 2021 operations and financial results including fundraising events and campaigns, and increased client need for food and financial assistance. Interfaith Outreach applied for and received a \$481,800 U.S. Small Business Administration (SBA) Paycheck Protection Program loan at 1% interest on April 28, 2020. The loan matures on April 28, 2022 and monthly payments begin on November 28, 2020. The loan shall be used for allowable payroll and facility costs and may be forgiven if certain criteria established by the SBA are met.

Management believes Interfaith Outreach is taking appropriate actions to address the potential negative financial impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated since these events are still developing.