

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
INTERFAITH COMMUNITY SERVICES, INC.  
JUNE 30, 2018

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# GURRERA & ASSOCIATES

Certified Public Accountants  
Business & Personal Consultants

## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee  
Interfaith Community Services, Inc.  
Escondido, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Interfaith Community Services, Inc., (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 judgement, 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 Organization'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 Organization'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.

## INDEPENDENT AUDITOR'S REPORT

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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 Community Services, Inc., as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 November 26, 2018, 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.

INDEPENDENT AUDITOR'S REPORT

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Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The accompanying information for CASAWorks Apartments 99-FMTW-010, statement of operations on page 34-35 and CASAWorks Apartments 99-FMTW-010, statement of cash flows on page 36, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to 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 taken as a whole.

*Orum : Aust*  
GURRERA & ASSOCIATES

San Diego, California  
November 26, 2018

INTERFAITH COMMUNITY SERVICES, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2018

ASSETS

ASSETS:	
Cash	\$ 3,950,667
Grants and contracts receivable	2,148,279
Prepaid expenses and other current assets	164,831
Unamortized donated rent	148,806
Investments	7,528,392
Property and equipment, net of accumulated depreciation	<u>16,982,331</u>
TOTAL ASSETS	<u>\$ 30,923,306</u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable	\$ 151,830
Accrued expenses	690,218
Accrued interest	545,019
Notes payable	<u>4,041,041</u>
TOTAL LIABILITIES	5,428,108
NET ASSETS:	
Unrestricted:	
Undesignated	17,002,333
Board designated long-term	<u>2,286,998</u>
	19,289,331
Temporarily restricted	723,024
Permanently restricted	<u>5,482,843</u>
TOTAL NET ASSETS	<u>25,495,198</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,923,306</u>

See notes to financial statements and independent auditor's report

INTERFAITH COMMUNITY SERVICES, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>REVENUE and SUPPORT:</b>				
Contract revenue	\$ 7,188,312	\$ -0-	\$ -0-	\$ 7,188,312
Contributions	5,234,353	513,528	119,141	5,867,022
In-kind donations	1,034,081	-0-	-0-	1,034,081
Rental income	626,008	-0-	-0-	626,008
Investment return	528,412	-0-	-0-	528,412
Other income	8,281	-0-	-0-	8,281
Gain on the disposal of fixed assets	543,435	-0-	-0-	543,435
Net assets released from restrictions, satisfaction of program restrictions	<u>462,318</u>	<u>(462,318)</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Revenue and Support</b>	15,625,200	51,210	119,141	15,795,551
<b>EXPENSES:</b>				
Program Services:				
Supportive services				
Clinical	2,223,471	-0-	-0-	2,223,471
Housing & shelters	200,666	-0-	-0-	200,666
Employment and economic development	5,983,211	-0-	-0-	5,983,211
Recovery and wellness	1,118,486	-0-	-0-	1,118,486
Other community services	1,989,528	-0-	-0-	1,989,528
	<u>440,320</u>	<u>-0-</u>	<u>-0-</u>	<u>440,320</u>
<b>Total Program Services</b>	11,955,682	-0-	-0-	11,955,682
Supporting Services:				
Management and general	1,291,780	-0-	-0-	1,291,780
Fundraising	<u>728,901</u>	<u>-0-</u>	<u>-0-</u>	<u>728,901</u>
<b>Total Supporting Services</b>	<u>2,020,681</u>	<u>-0-</u>	<u>-0-</u>	<u>2,020,681</u>
<b>TOTAL EXPENSES</b>	<u>13,976,363</u>	<u>-0-</u>	<u>-0-</u>	<u>13,976,363</u>
Increase (decrease) in net assets	1,648,837	51,210	119,141	1,819,188
<b>Net Assets - Beginning of year</b>	<u>17,640,494</u>	<u>671,814</u>	<u>5,363,702</u>	<u>23,676,010</u>
<b>Net Assets - End of year</b>	<u>\$ 19,289,331</u>	<u>\$ 723,024</u>	<u>\$ 5,482,843</u>	<u>\$ 25,495,198</u>

See notes to financial statements and independent auditor's report

**INTERFAITH COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended June 30, 2018**

	Program Services					Supporting Services			Total Functional Expenses	
	Supportive Services	Employment & Economic Development	Clinical	Housing & Shelter	Recovery & Wellness	Other Community Services	Management and General	Fundraising		Total
Wages, salaries, contract labor, and employee benefits	\$ 1,237,000	\$ 719,117	\$ 186,074	\$ 2,433,161	\$ 1,403,858	\$ 279,485	\$ 929,462	\$ 445,697	\$ 1,375,159	\$ 7,633,854
Living assistance	583,000	24,288	5,537	801,845	172,101	67,395	-0-	-0-	-0-	1,654,166
Training and employment assistance	14,634	192,225	-0-	3,095	542	-0-	-0-	-0-	-0-	210,496
Office	101,416	46,700	2,561	454,000	63,219	17,012	170,112	213,552	383,664	1,068,572
Depreciation	28,835	12,861	1,406	361,397	137,290	12,023	9,633	4,923	14,556	568,368
Interest	-0-	-0-	-0-	73,943	35,617	-0-	6,627	-0-	6,627	116,187
Operations and support services	218,050	103,523	2,584	1,793,733	124,963	41,818	2,613	2,281	4,894	2,289,565
Other	40,536	19,772	2,504	62,037	51,938	22,587	173,333	62,448	235,781	435,155
<b>Total Expenses</b>	<b>\$ 2,223,471</b>	<b>\$ 1,118,486</b>	<b>\$ 200,666</b>	<b>\$ 5,983,211</b>	<b>\$ 1,989,528</b>	<b>\$ 440,320</b>	<b>\$ 1,291,780</b>	<b>\$ 728,901</b>	<b>\$ 2,020,681</b>	<b>\$ 13,976,363</b>
% of total expense by activity	15.9%	8.0%	1.4%	42.8%	14.2%	3.2%	9.3%	5.2%	14.5%	100.0%

See notes to financial statements and independent auditor's report



INTERFAITH COMMUNITY SERVICES, INC.  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 1,819,188
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	568,368
Realized and unrealized gain on investments	(489,996)
Realized gain on the sale of property and equipment	(542,435)
Contribution of securities	(282,233)
Contribution of endowment	(119,141)
Changes in operating assets and liabilities:	
Contracts receivable	(1,352,046)
Prepaid expenses and other current assets	181,619
Accounts payable	32,525
Accrued expenses	198,719
Accrued interest	<u>50,353</u>
Net cash provided by operating activities	<u>64,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(1,946,618)
Sale of property	2,141,912
Proceeds from sales of investments	<u>635,407</u>
Net cash provided by investing activities	<u>830,701</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on capital lease	(20,839)
Payments on notes payable	<u>(543,501)</u>
Net cash used by financing activities	<u>(564,340)</u>
NET INCREASE IN CASH	331,282
CASH, BEGINNING OF YEAR	<u>3,619,385</u>
CASH, END OF YEAR	<u>\$ 3,950,667</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid	<u>\$ 71,549</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING TRANSACTION:	
New financing on property purchase	<u>\$ 1,200,000</u>

See notes to financial statements and independent auditor's report

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Interfaith Community Services, Inc., (the "Organization") is a non-profit corporation established in August 1982 to assist persons needing assistance in meeting basic human needs such as food, clothing, and shelter. The Organization provides a variety of social services including transitional housing, shelters and homes, low income housing, veterans' services, and other community services principally in North San Diego County, California area.

USE OF ESTIMATES

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

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for the purpose of generating investment income to fund current operations.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

FAIR VALUE MEASUREMENTS

The Organization defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying values of cash, receivables, and payable approximate fair value as of June 30, 2018, due to the relative short maturities of these instruments.

CASH EQUIVALENTS

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

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES  
(Continued)

GRANTS AND CONTRACTS RECEIVABLE

The grants and contracts receivable arise in the normal course of operations. It is the policy of management to review the outstanding receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary at June 30, 2018, because management believes that all amounts are collectible.

PROMISES TO GIVE

Unconditional written pledges to the Organization in the future are recorded as promises to give and revenue in the year promised at the present value of expected cash flows, see Note E. Unconditional written pledges must be evidenced by donor signature and deemed legally enforceable by the Board of Directors. Conditional pledges are recognized as revenue when the conditions are met. Intentions to pledge are recognized as revenue when the funds are actually received. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances.

INVESTMENTS

The Organization has investments held by the Jewish Community Foundation of San Diego and Rancho Santa Fe Foundation, which are invested in various pools and are valued at the Organization's percentage interest in the total pools. At June 30, 2018, these pools included domestic and international equities, domestic and international fixed income, and other investments. All investments have been recorded at fair market value using a market approach. The fair values of investments in securities traded on national exchanges are valued at the closing price on the last day of business of the fiscal year. The fair value of other investments is determined by investment managers in good faith using methods appropriate, and are subject to oversight and review by the management of the Jewish Community Foundation San Diego and Rancho Santa Fe Foundation. Realized and unrealized gains and losses on investments are included in the change in net assets in the Statement of Activities.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

PROPERTY AND EQUIPMENT

Acquisitions of property and equipment of \$5,000 or more are capitalized. Property and equipment are stated at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets from five to thirty-nine years.

REVENUE AND SUPPORT

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

Revenue from grants and contracts are recognized to the extent of eligible costs incurred up to an amount not to exceed the total grant and contract authorized.

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed. In addition, the Organization receives a substantial amount of nonprofessional services donated by volunteers in carrying out the Organization's program services. These services do not meet the generally accepted accounting principles criteria as contributions and are, therefore, not recognized in the financial statements.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS - (Continued)  
June 30, 2018

NOTE A -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

INCOME TAXES

The Organization is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively.

All tax-exempt Organizations are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the Organization as a tax-exempt Organization under Internal Revenue Code Section and applicable state statutes.

At June 30, 2018, the federal statute of limitations remains open for the 2015 through 2018 tax years. The statute of limitations for the state income tax returns remains open for the 2014 through 2018 tax years.

NOTE B - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in bank accounts which, at times, exceed the federal insurable limit. The Organization has not experienced any losses from cash concentrations and management does not believe the Organization is exposed to any significant risk.

NOTE C - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Other accounts receivable	\$ 73,976
Prepaid insurance	14,837
Deposits and prepaid rent	20,034
Prepaid software	<u>55,984</u>
Total other current assets	<u>\$ 164,831</u>

NOTE D - UNAMORTIZED DONATED RENT

In January 2014, the Organization entered into a ten year agreement to provide Veterans services in exchange for free rent at 1617 Mission Avenue, Oceanside, CA. This agreement expires January 30, 2024. The Organization began providing services at this location on April 1, 2014.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE D - UNAMORTIZED DONATED RENT - (Continued)

The unamortized donated rent of \$148,806 represents the fair market value of the rent for the remaining 67 months of this agreement discounted by five percent.

NOTE E - PROMISES TO GIVE

As of June 30, 2018, the Organization did not have any promises to give.

NOTE F - INVESTMENTS

The Organization's Level 2 investments consist of endowment and long-term investment funds held by the Jewish Community Foundation San Diego and endowment funds held by the Rancho Santa Fe Foundation in balanced pool portfolios that include primarily publicly traded securities. The Organization has variance power over the funds. The pooled investments are categorized as Level 2 because they have no direct observable inputs.

The following table summarizes the valuation of the Organization's investments in accordance with authoritative fair value guidance at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ -0-	\$ 108,825	\$ 108,825
Domestic equities	-0-	1,676,665	1,676,665
International equities	-0-	2,728,263	2,728,263
Domestic fixed income	-0-	2,485,783	2,485,783
International fixed income	-0-	360,584	360,584
Other	-0-	168,272	168,272
	<u>\$ -0-</u>	<u>\$ 7,528,392</u>	<u>\$ 7,528,392</u>

Investment return for the year ended June 30, 2018, consisted of the following:

Interest and dividends	\$ 312,540
Realized and unrealized gains and losses	215,872
Investment fees	(33,904)
	<u>\$ 494,508</u>

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018, consisted of the following:

Construction in progress	\$ 161,972
Land	6,038,870
Buildings	15,216,782
Leasehold improvements	632,822
Furniture and equipment	608,343
Software	27,395
Vehicles	<u>238,404</u>
	22,924,588
Less accumulated depreciation	<u>(5,942,257)</u>
	<u>\$ 16,982,331</u>

NOTE H - LINE OF CREDIT

The Organization has a line of credit with First Citizens Bank in the amount of \$500,000 that is secured by all personal property of the Organization. Interest is payable monthly at the greater of 1.0% above the Wall Street Journal's prime rate (5.75% at June 30, 2018) or the floor rate of 5.75%. The line of credit expires July 14, 2019. The Organization had no outstanding balance at June 30, 2018.

NOTE I - NOTES PAYABLE

Notes payable at June 30, 2018, consisted of the following:

Note payable to First Citizens Bank in monthly payments of \$11,390 including interest at 3.25% per annum, secured by real property, due April 2021. \$ 1,005,926

Note payable to City of Escondido for \$443,000, secured by real property, due December 2018. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Home Project provides positive cash flow. There were no payments made during the year ended June 30, 2018. 443,000



INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE I - NOTES PAYABLE - (Continued)

Note payable to City of Escondido for \$450,000, secured by real property, due June 2072. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Home Project II provides positive cash flow.	450,000
Note payable to Union Bank in aggregate monthly payments of \$3,182 including interest at 4.50% per annum, secured by real property, due July 2025.	233,441
Note payable to First Citizens Bank secured by real property, 1820 S. Escondido Blvd., due June 5, 2033. Monthly payments of principal and interest at 4.75% per annum. There were no payments made during the year ended June 30, 2018.	1,200,000
Note payable to the City of Oceanside (City) for \$350,000, secured by real property, due December 2065. The City recorded a deed of trust that is subordinate to Wells Fargo Bank, NA. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the Garfield Program provides positive cash flow. There were no payments made during the year ended June 30, 2018.	350,000
Note payable to California Department of Housing and Community Development for \$245,000, secured by real property, due July 2057. Annual payments of principal and interest (3.00% per annum) are due only to the extent that the CASA Program provides positive cash flow. The Development was constructed in 1964 and is made up of eight units. There were no payments made during the year ended June 30, 2018.	245,000
Note payable to Wells Fargo Bank in monthly payments of \$1,416 including interest at 5.50% per annum, secured by real property, remaining balance of principal and interest due December 2020.	39,598
Mortgage payable to Greenwich Investors in monthly payments of \$845 including adjustable rate interest interest of 0.50% above bank prime rate (4.75% at June 30, 2018) secured by real property due June 2025.	63,354

INTERFAITH COMMUNITY SERVICES, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE I - NOTES PAYABLE - (Continued)

Mortgage payable to Greenwich Investors in monthly payments of \$1,060 including interest at 7.00% per annum, secured by real property, due June 2019. 10,722  
\$ 4,041,041

Future principal payments on notes payable at June 30, 2018, are due as follows:

Year Ending <u>June 30,</u>	
2019	\$ 216,081
2020	661,537
2021	905,448
2022	105,412
2023	110,420
Thereafter	<u>2,042,143</u>
	<u>\$ 4,041,041</u>

Notes payable contain certain financial and non-financial covenants for which the Organization was in compliance with as of June 30, 2018.

NOTE J - COMMITMENTS

Operating Leases

The Organization leases space for its Coastal Service Center in Oceanside, California under an operating lease which expires in April 2019. The monthly lease payment was approximately \$1,550. Total rent expense was \$18,604 for the year ended June 30, 2018.

The Organization leases office space for senior programs and administrative offices which expires in August 2018. The monthly lease payment was \$3,810. Total lease expense was \$44,610 for the year ended June 30, 2018.

The Organization leases a van requiring monthly lease payments of \$361 through lease maturity in August, 2018. Total lease expense was \$4,322 for the year ended June 30, 2018.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE J - COMMITMENTS - (Continued)

The Organization leases eight copiers requiring monthly lease payments of \$1,100 through lease maturity in July, 2021. Total lease expense was \$13,195 for the period ended June 30, 2018.

The Organization leases one copier requiring lease payments of \$128 through lease maturity in November, 2022. Total lease expense was \$974 for the period ended June 30, 2018.

The Organization leases warehouse space which expires August 2020. The monthly lease payment was \$4,041. Total lease expense was \$40,405 for the period ended June 30, 2018.

Future minimum lease payments under operating leases at June 30, 2018, are due as follows:

Year Ending <u>June 30,</u>	
2019	\$ 87,950
2020	65,866
2021	27,548
2022	2,641
2023	<u>642</u>
Total lease payments	<u>\$ 184,647</u>

NOTE K - CONTINGENCIES

Grants and Contracts

The Organization receives a significant portion of its revenue from government grants and contracts which are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits is not significant.

Repayment Contingency

The Organization received a contribution of \$463,907 in 2003 from the City of Escondido that was used to purchase its headquarters which is included in property and equipment in the Statement of Financial Position. The contribution amount is to be repaid in the event that the property is sold or is no longer used for its designated purpose.

The Organization has not expressed intent to sell the property and plans to continue to operate the facility consistent with its designated purpose.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE K - CONTINGENCIES - (Continued)

Litigation

In the normal course of operations, the Organization is occasionally named as a defendant in various lawsuits. It is the opinion of management and of legal counsel that the outcome of any pending lawsuits will not materially affect the operations or the financial position of the Organization.

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following at June 30, 2018:

Purpose and Time Restrictions:

Employment services	\$ 30,359
Coastal services	300,000
Transitional Youth Academy	14,798
Teens teaching tech	18,838
Veteran behavioral health	80,384
Senior services	12,773
Housing assistance	4,318
Food distribution	70,130
Immigration services	31,125
Other	11,493
Time Restrictions:	
Unamortized donated rent	<u>148,806</u>
	<u>\$ 723,024</u>

NOTE M - PERMANENTLY RESTRICTED ENDOWMENT

The Organization's donor-restricted endowment consists of pooled funds at the Jewish Community Foundation of San Diego and Rancho Santa Fe Foundation and is established for a variety of purposes, including to serve children's needs and those of their families. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE M - PERMANENTLY RESTRICTED ENDOWMENT - (Continued)

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of the Organization and the donor restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation and deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of the Organization.
- 7) The investment policies of the Organization.

At June 30, 2018, the endowment net asset composition by type of fund, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 44,664	\$ -0-	\$ 5,482,843	\$ 5,527,507

Changes in endowment net assets for the year ended June 30, 2018, consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ ( 42,968)	\$ -0-	\$ 5,363,702	\$ 5,320,734
Activity:				
Donations	-0-	-0-	119,141	119,141
Interest and dividends	204,244	-0-	-0-	204,244
Realized and unrealized gains	172,756	-0-	-0-	172,756
Investment expense	(25,525)	-0-	-0-	(25,525)
Appropriations	(263,843)	-0-	-0-	(263,843)
Net Activity	<u>87,632</u>	<u>-0-</u>	<u>119,141</u>	<u>206,773</u>
Endowment net assets, end of year	<u>\$ 44,664</u>	<u>\$ -0-</u>	<u>\$ 5,482,843</u>	<u>\$ 5,527,507</u>

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE M - PERMANENTLY RESTRICTED ENDOWMENT - (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments. In order to limit risk exposure, account features such as asset allocation, diversity, duration of holding each security, return on investment, and investment quality shall be applied, measured, and reviewed.

Investment Strategy

The investment strategy of the Organization is to develop a diversified portfolio of passive investments. For equity investments, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve investment objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The Organization has a policy of appropriating for distribution annually an amount equal to 5% of the average last twelve-quarter investment account balances. The Organization expects the current spending policy to allow its endowment to meet the needs of the Organization. This is consistent with the Organization's objective to provide funding for the operating expenses of programs as well as to provide additional real growth through new gifts and investment return.

NOTE N - BOARD DESIGNATED LONG-TERM

The Organization also has unrestricted funds held in a pooled account at the Jewish Community Foundation of San Diego. The Board of Directors has designated these funds to support the Organization for a long but unspecified period of time.

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE N - BOARD DESIGNATED LONG-TERM - (Continued)

These funds are invested in a manner similar to the permanently restricted endowment funds. All earnings related to the board designated long-term funds are recorded in the undesignated net asset balance.

Board designated long-term investments, beginning of year	\$ 1,874,998
Board designated contributions	412,000
Board releases	<u>-0-</u>
Board designated long-term investments, end of year	<u>\$ 2,286,998</u>

NOTE O - PENSION PLAN

The Organization has a 401(k) retirement plan which covers substantially all employees 18 years of age or older who have completed three months of service. A contribution to the Plan is paid monthly at a rate determined by the Board of Directors. Employee contributions to the Plan are at the discretion of each eligible employee and are matched by the Organization monthly at a percentage determined by the Board of Directors. For the year ended June 30, 2018, the Organization contributed at a rate of 1% employer contribution and a 1% employer match. The total employer contributions to the Plan for the year ended June 30, 2018, were \$93,814.

NOTE P - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE Q - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 26, 2018, which is the date the financial statements were available to be issued.

INTERFAITH COMMUNITY SERVICES, INC.  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2018

Federal/Pass-Through Grantor/Program/Cluster Title	Federal CFDA Number	Contract Number	Total Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct programs:				
Continuum of Care Program - CasaWorks	14.267	CA0711L9D011609	\$ 50,830	
Continuum of Care Program - Raymond's Refuge	14.267	CA0944L9D011607	91,103	
Continuum of Care Program - Spruce Street	14.267	CA0710L9D011609	47,101	
Continuum of Care Program - Rental Assistance Program	14.267	CA1253L9D011603	216,420	
Continuum of Care Program - Home Now	14.267	CA1601L9D011600	440,746	
Pass-through from Community Housing Works:				
Continuum of Care Program - CHW	14.267	CA0703L9D011609,	98,377	
	14.267	CA0709L9D011609 &		
	14.267	CA1025L9D011602		
Pass-through from County of San Diego:				
Continuum of Care Program - Shelter Plus Care	14.267	CA0693L9D011609	187,588	
Emergency Solutions Grant Program	14.231	556440	459,652	
Passed through to Catholic Charities	14.231	556440	208,543	208,543
Hotel/Motel Voucher Services	14.218	557288	854,085	
Pass-through from City of Escondido:				
Emergency Solutions Grant Program	14.231	E-16-MC-06-0552	11,061	
Emergency Solutions Grant Program	14.231		66,293	
Pass-through from City of Carlsbad:				
CDBG - Coastal Services	14.218	N/A	7,923	
Pass-through from City of Vista:				
CDBG - Senior Services	14.218	N/A	10,000	
Pass-through from City of Escondido via Alliance for Regional Solutions:				
CDBG - Winter Shelter - Haven House	14.218	N/A	43,000	
			2,792,722	208,543
<u>U.S. Department Of Labor</u>				
Direct program:				
HVRP-Homeless Veterans - Veterans with Families	17.805	HV-30921-17-60-5-6	119,432	
Pass-through from San Diego Workforce Partnership:				
WIOA Youth Activities - TYA WIOA	17.259	193-29	279,482	
Passed through to Mira Costa	17.259	193-29	51,275	51,275
Pass-through from California Employment Develop. Dept.:				
WIA Adult Program - VEAP	17.258	K7106365	327,734	
			777,923	51,275

See Independent Auditor's Report and Notes to Schedule of Federal Awards



INTERFAITH COMMUNITY SERVICES, INC.  
 Schedule of Expenditures of Federal Awards - (Continued)  
 Year Ended June 30, 2018

Federal/Pass-Through Grantor/Program/Cluster Title (Continued)	Federal CFDA Number	Contract Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services				
Pass-through from County of San Diego:				
CSBG - Family Self-Sufficiency - Coastal	93.569	544433	189,379	596
Passed through to Catholic Charities	93.569	544433	596	
CSBG - Family Self-Sufficiency - Inland	93.569	544434	218,142	
CSBG - Communities in Action - Inland	93.569	557909	20,429	
Passed through to Escondido Education COMPACT	93.569	557909	5,158	5,158
National Family Caregiver Support - Minor Home Repair	93.052	553161	56,330	
			<u>490,034</u>	<u>5,754</u>
Department of Homeland Security				
Pass-through from Catholic Charities:				
Emergency Food and Shelter National Board Program	97.024	N/A	33,471	
			<u>33,471</u>	
U.S. Department of Treasury				
Volunteer Income Tax Assistance	21.009	17VITA0116	54,500	
			<u>54,500</u>	
U.S. Department of Veteran Affairs				
Direct Programs:				
VA Homeless Providers Grant & Per Diem Program-Oceanside	64.024	07-716-CA	461,792	
VA Homeless Providers Grant & Per Diem Program-Aster	64.024	98-027-CA	1,282	
VA Homeless Providers Grant & Per Diem Program-Merle's Place	64.024	05-016-CA	43,546	
VA Homeless Providers Grant & Per Diem Program-Recuperative Beds	64.024	VA262-12-D-0144	585,957	
VA Homeless Providers Grant & Per Diem Program-Bridge Housing	64.024	ICS1714-0325-664-BH-18-0	115,574	
VA Supportive Services for Veteran Families Program	64.033	C15-CA-601B	221,148	
Passed through to People Assisting the Homeless	64.033	C15-CA-601B	162,281	162,281
			<u>1,591,580</u>	<u>162,281</u>
			<u>\$ 5,740,230</u>	<u>\$ 427,853</u>

Total Expenditures of Federal Awards

See Independent Auditor's Report and Notes to Schedule of Federal Awards

INTERFAITH COMMUNITY SERVICES, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the 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). 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.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through Organization identifying numbers are presented where available.

3. Indirect Cost Rate

The Organization is using agreed upon indirect cost rates stipulated in it's contracts and has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S 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 Audit Committee  
Interfaith Community Services, Inc.  
Escondido, California

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 Community Services, Inc, (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2018.

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 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 the 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 Organization'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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

  
Gurrera & Associates

San Diego, California  
November 26, 2018

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

To the Audit Committee  
Interfaith Community Services, Inc.  
Escondido, California

Report on Compliance for Each Major Federal Program

We have audited Interfaith Community Services, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Interfaith Community Services, Inc.'s major federal programs for the year ended June 30, 2018. Interfaith Community Services, Inc.'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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Interfaith Community Services, Inc.'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 Interfaith Community Services, Inc.'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 Interfaith Community Services, Inc.'s compliance.

Opinion of Each Major Federal Program

In our opinion, Interfaith Community Services, Inc. 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 June 30, 2018.

Report on Internal Control over Compliance

Management of Interfaith Community Services, Inc. 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 Interfaith Community Services, Inc.'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 Interfaith Community Services, Inc.'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 a 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.

Report on Internal Control over Compliance - (Continued)

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.

Report on schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Interfaith Community Services, Inc., as of and for the year ended June 30, 2018, and have issued our report thereon dated November 26, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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.

  
Gurrera & Associates

San Diego, California  
November 26, 2018

INTERFAITH COMMUNITY SERVICES, INC.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Types of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Any noncompliance material to the financial statements noted No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
64.024	VA Homeless Providers Grant & Per Diem Program	\$ 1,208,151
93.569	CSBG - Family Self-Sufficiency	<u>433,704</u>
	Total Expenditures of All Major Federal Programs	<u>\$ 1,641,855</u>
	Total Expenditures of Federal Awards	<u>\$ 5,740,230</u>
	Percentage of Total Expenditures of Federal Awards	<u>29%</u>

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? Yes



INTERFAITH COMMUNITY SERVICES, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018 - (Continued)

Section II - Current Year Findings

A. Current Year Findings - Financial Statement Audit

No financial statement findings in the current year

B. Current Year Findings - Major Federal Award Program Audits

No Current Year Findings or Questioned Costs

Section III - Prior Year Findings

A. Prior Year Findings - Financial Statement Audit

No financial statement findings in the prior year.

B. Prior Year Findings and Questioned Costs - Major Federal Award  
Program Audit

No prior year findings or questioned costs.

INTERFAITH COMMUNITY SERVICES, INC.  
 Supplementary Information  
 For the Year Ended June 30, 2018

CASAWorks Apartments  
 99-FMTW-010  
 Statement of Operations  
 For the Year Ended June 30, 2018

Acct No.		<u>FY2018</u>
	<u>Rent Revenue:</u>	
5100T	Total Rent Revenue	\$ 13,998
5152N	Net Rental Revenues (Rent Revenue Less Vacancies)	<u>\$ 13,998</u>
	<u>Other Revenue:</u>	
5910	Laundry and Vending Revenue	\$ 1,874
5990	Misc. Revenue-HUD Continuum of Care Grant Reim.	50,830
5900T	Total Other Revenue	<u>\$ 52,704</u>
5000T	Total Revenue	<u>\$ 66,702</u>
	<u>Administrative Expenses:</u>	
6204	Management Consultants	\$ 1,501
6210	Advertising and Marketing	-0-
6250	Other Renting Expenses	-0-
6310	Office Salaries	3,016
6311	Office Expenses	3,007
6330	Manager of Superintendent Salaries	12,141
6340	Legal Expense - Project	2,229
6350	Audit Expense	-0-
6390	Misc. Administrative Expenses	486
6263T	Total Administrative Expenses	<u>\$ 22,380</u>
	<u>Utilities Expenses:</u>	
6450	Electricity	\$ 3,772
6451	Water	6,586
6400T	Total Utilities Expenses	<u>\$ 10,358</u>
	<u>Operating and Maintenance Expenses:</u>	
6510	Payroll	\$ 8,843
6515	Supplies	2,817
6520	Contracts	9,509
6525	Garbage and Trash Removal	3,725
6546	Heating/Cooling Repairs and Maintenance	-0-
6570	Vehicle & Maintenance Equipment Operations/Repairs	1,784
6580	Lease Expense	-0-
6590	Misc. Operating and Maintenance Expenses	-0-
6500T	Total Operating and Maintenance Expenses	<u>\$ 26,678</u>
	<u>Taxes and Insurance:</u>	
6710	Real Estate Taxes	\$ 78
6711	Payroll Taxes (Projects' Share)	3,408
6720	Property & Liability Insurance (Hazard)	1,997
6721	Fidelity Bond Insurance	-0-
6722	Worker's Compensation	4,122
6723	Health Insurance & Other Employee Benefits	7,852
6790	Misc. Taxes, Licenses, Permits and Insurance	97
6700T	Total Taxes and Insurance	<u>\$ 17,554</u>

INTERFAITH COMMUNITY SERVICES, INC.  
 Supplementary Information  
 For the Year Ended June 30, 2018

CASAWorks Apartments  
 99-FMTW-010  
 Statements of Operations - (Continued)  
 For the Year Ended June 30, 2018

Acct No.		<u>FY2018</u>
	<u>Supportive Services Expenses:</u>	
6990	Salaries - Client Case Management-HUD-Continuum of Care Grant	\$ 17,470
6990	Client Supportive Services Other - Daycare, Employment, Life Skills, etc.	<u>2,200</u>
6990T	Total Supportive Services Expenses	<u>\$ 19,670</u>
6000	Total Cost of Operations before Depreciation	<u>\$ 96,640</u>
5060	Profit (Loss) before Depreciation	<u>\$ (29,938)</u>
6600	Depreciation	<u>\$ 13,966</u>
5060N	Operating Profit (Loss)	<u>\$ (43,904)</u>
7100T	Net Entity Expenses	<u>\$ -0-</u>
3250	Change in Total Net Assets from Operations	<u>\$ (43,904)</u>

Acct No.		<u>FY2018</u>
S1000-10	Total principal payments during audit period.	-0-
S1000-20	Total of all monthly reserve for replacement deposits.	-0-
S1000-30	Replacement Reserves, or Residual Receipts and Releases which are included in expense items.	-0-
S1000-40	Project improvement Reserves which are included as expense items.	-0-

INTERFAITH COMMUNITY SERVICES, INC.  
 Supplementary Information  
 For the Year Ended June 30, 2018

CASAWorks Apartments  
 99-FMTW-010  
 Statement of Cash Flows  
 For the Year Ended June 30, 2018

Acct No.		<u>FY2018</u>
	<u>Cash Flow from Operating Activities:</u>	
S1200-010	Rental Receipts	\$ 13,998
S1200-030	Other Operating Receipts	52,704
S1200-050	Administrative	(7,224)
S1200-090	Utilities	(10,358)
S1200-100	Salaries and Wages	(41,470)
S1200-110	Operating and Maintenance	(17,834)
S1200-120	Real Estate Taxes	(78)
S1200-140	Property Insurance	(1,997)
S1200-150	Miscellaneous Taxes and Insurance	(15,479)
S1200-170	Other Operating Expenses	(2,200)
		\$
S1200-240	Net Cash Provided (used) by Operating Activities	(29,938)
	<u>Cash Flow from Investing Activities:</u>	
S1200-250	Net Deposits to the Reserve for Replacement acct.	\$ -0-
S1200-255	Net Deposits to Other Reserves	-0-
S1200-260	Net Deposits to Residual Receipts account	-0-
S1200-330	Net Purchases of Fixed Assets	-0-
		\$
S1200-350	Net Cash (used) by Investing Activities	-0-
	<u>Cash Flow from Financing Activities:</u>	
S1200-360	Principal Payments - Mortgage	-0-
S1200-420	Distributions	-0-
S1200-430	Contributions	-0-
S1200-450	Other Financing Activities	-0-
		\$
S1200-460	Net Cash Provided (used) by Financing Activities	-0-
	<u>Net Increase (Decrease) in Cash &amp; Cash Equivalents:</u>	\$ (29,938)