

Financial Statements

SOUTH HILLS INTERFAITH MOVEMENT

NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL
YEAR ENDED SEPTEMBER 30, 2020





Outside the box. Within the lines.



SOUTH HILLS INTERFAITH MOVEMENT
NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
South Hills Interfaith Ministries
Bethel Park, Pennsylvania

We have audited the accompanying financial statements of South Hills Interfaith Ministries (a Pennsylvania Non-Profit Organization) doing business as "South Hills Interfaith Movement" ("SHIM"), which comprise the statements of financial position as of June 30, 2021 and September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the nine-month period and fiscal year then ended, respectively, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 SHIM'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 SHIM's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Hills Interfaith Movement as of June 30, 2021 and September 30, 2020, and the changes in its net assets and its cash flows for the nine-month period and fiscal year then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

Holsinger P.C.

Wexford, Pennsylvania
November 11, 2021

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENTS OF FINANCIAL POSITION

ASSETS

	As of	
	June 30, 2021	September 30, 2020
Current Assets:		
Cash and cash equivalents	\$ 3,353,486	\$ 1,888,606
Accounts receivable, net	201,940	158,391
Promises to give - current, net	228,070	154,953
Prepaid expenses	2,850	6,820
Inventories	85,599	66,824
Total Current Assets	3,871,945	2,275,594
Promises to give - non-current, net	385,374	77,345
Investments	-	70,328
Property and equipment, net	602,346	598,783
Total Assets	\$ 4,859,665	\$ 3,022,050

LIABILITIES AND NET ASSETS

Current Liabilities:		
Payables to other agencies	\$ -	\$ 4,135
Accounts payable and other current liabilities	196,020	190,082
Paycheck Protection Plan loan	-	202,000
Total Current Liabilities	196,020	396,217
Total Liabilities	196,020	396,217
Net Assets:		
Without Donor Restrictions:		
Undesignated	3,720,874	2,305,842
Board-designated	35,000	35,000
Total Net Assets without Donor Restrictions	3,755,874	2,340,842
Net Assets with Donor Restrictions	907,771	284,991
Total Net Assets	4,663,645	2,625,833
Total Liabilities and Net Assets	\$ 4,859,665	\$ 3,022,050

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

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF ACTIVITIES
NINE-MONTH PERIOD ENDED OCTOBER 1, 2020 THROUGH JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contracts	\$ 998,886	\$ -	\$ 998,886
Contributions, net	1,020,510	697,484	1,717,994
Forgiven PPP loan	202,000	-	202,000
Grants, net	530,000	430,382	960,382
In-kind donations	398,703	-	398,703
Investment return, net	5,045	-	5,045
Miscellaneous income	8,675	-	8,675
Special events	58,611	-	58,611
Net assets released from restrictions	505,086	(505,086)	-
	<u>3,727,516</u>	<u>622,780</u>	<u>4,350,296</u>
Total Revenues and Other Support			
Expenses:			
Program services	1,785,192	-	1,785,192
General and administrative	272,739	-	272,739
Fundraising	254,553	-	254,553
	<u>2,312,484</u>	<u>-</u>	<u>2,312,484</u>
Total Expenses			
Change in Net Assets	1,415,032	622,780	2,037,812
Net Assets - Beginning of Year	<u>2,340,842</u>	<u>284,991</u>	<u>2,625,833</u>
Net Assets - End of Year	<u>\$ 3,755,874</u>	<u>\$ 907,771</u>	<u>\$ 4,663,645</u>

The accompanying notes are an integral part of this financial statement.

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contracts	\$ 1,008,315	\$ -	\$ 1,008,315
Contributions, net	1,728,188	768,678	2,496,866
Grants, net	88,000	-	88,000
In-kind donations	767,663	-	767,663
Investment return, net	(3,612)	-	(3,612)
Miscellaneous income	7,940	-	7,940
Special events	135,296	-	135,296
Net assets released from restrictions	717,895	(717,895)	-
Total Revenues and Other Support	4,449,685	50,783	4,500,468
Expenses:			
Program services	2,123,282	-	2,123,282
General and administrative	393,280	-	393,280
Fundraising	318,810	-	318,810
Total Expenses	2,835,372	-	2,835,372
Change in Net Assets	1,614,313	50,783	1,665,096
Net Assets - Beginning of Year	726,529	234,208	960,737
Net Assets - End of Year	\$ 2,340,842	\$ 284,991	\$ 2,625,833

The accompanying notes are an integral part of this financial statement.

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF FUNCTIONAL EXPENSES
NINE-MONTH PERIOD ENDED OCTOBER 1, 2020 THROUGH JUNE 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Salaries and Related Expenses:				
Salaries and wages	\$ 608,571	\$ 149,658	\$ 111,324	\$ 869,553
Employee benefits	30,980	7,665	4,363	43,008
Payroll taxes	55,250	14,901	11,320	81,471
	<u>694,801</u>	<u>172,224</u>	<u>127,007</u>	<u>994,032</u>
Occupancy:				
Fees and rent*	69,085	2,400	-	71,485
Maintenance and repair	5,307	499	-	5,806
Utilities	19,645	3,012	1,426	24,083
	<u>94,037</u>	<u>5,911</u>	<u>1,426</u>	<u>101,374</u>
Other Expenses:				
Client financial assistance	386,533	-	-	386,533
Depreciation	60,741	2,156	1,519	64,416
Information technology	36,709	4,963	20,511	62,183
Insurance	8,728	15,202	-	23,930
Loss on uncollectable promises to give	-	12,990	-	12,990
Miscellaneous	52,439	-	1,678	54,117
Postage	260	670	5,276	6,206
Printing	152	-	11,194	11,346
Professional fees*	88,187	50,273	77,717	216,177
Purchased food and supplies*	342,078	5,184	574	347,836
Special events	-	-	6,742	6,742
Telephone	14,046	3,145	885	18,076
Training and education	269	-	-	269
Transportation	6,212	21	24	6,257
	<u>996,354</u>	<u>94,604</u>	<u>126,120</u>	<u>1,217,078</u>
 Total Expenses	 <u>\$ 1,785,192</u>	 <u>\$ 272,739</u>	 <u>\$ 254,553</u>	 <u>\$ 2,312,484</u>

*Includes in-kind contributions.

The accompanying notes are an integral part of this financial statement.

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Program Services	General and Administrative	Fundraising	Total
Salaries and Related Expenses:				
Salaries and wages	\$ 744,943	\$ 194,590	\$ 116,077	\$ 1,055,610
Employee benefits	39,314	10,105	3,135	52,554
Payroll taxes	65,467	15,649	9,179	90,295
	<u>849,724</u>	<u>220,344</u>	<u>128,391</u>	<u>1,198,459</u>
Occupancy:				
Fees and rent*	80,979	14,218	-	95,197
Maintenance and repair	1,789	2,342	-	4,131
Utilities	13,772	3,482	982	18,236
	<u>96,540</u>	<u>20,042</u>	<u>982</u>	<u>117,564</u>
Other Expenses:				
Bad debt expense	-	36,666	-	36,666
Depreciation	58,192	1,848	1,814	61,854
Information technology	46,209	16,183	12,186	74,578
Insurance	6,562	16,343	82	22,987
Loss on uncollectable promises to give	-	14,002	-	14,002
Miscellaneous	1,483	6,500	162	8,145
Postage	184	2,783	5,835	8,802
Printing	151	105	8,071	8,327
Professional fees*	58,385	36,226	116,223	210,834
Purchased food and supplies*	970,315	13,999	4,517	988,831
Special events	-	-	38,987	38,987
Telephone	21,566	7,250	1,177	29,993
Training and education	1,724	474	205	2,403
Transportation	12,247	515	178	12,940
	<u>1,177,018</u>	<u>152,894</u>	<u>189,437</u>	<u>1,519,349</u>
Total Expenses	<u><u>\$ 2,123,282</u></u>	<u><u>\$ 393,280</u></u>	<u><u>\$ 318,810</u></u>	<u><u>\$ 2,835,372</u></u>

*Includes in-kind contributions.

The accompanying notes are an integral part of this financial statement.

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENTS OF CASH FLOWS
INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS

	For the Period Ended	
	June 30, 2021	September 30, 2020
Operating Activities:		
Change in net assets	\$ 2,037,812	\$ 1,665,096
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense	-	36,666
Loss on uncollectable promises to give	12,990	14,002
Gain on donated stock	(44,280)	(84,961)
Realized / unrealized (gain) loss on investments	(5,045)	3,612
Depreciation	64,416	61,854
Forgiveness of Paycheck Protection Plan loan	(202,000)	-
Changes in assets and liabilities:		
Accounts receivable, net	(43,549)	(80,311)
Promises to give, net	(394,136)	(212,789)
Prepaid expenses	3,970	10,375
Inventories	(18,775)	(28,039)
Payables to other agencies	(4,135)	(176)
Accounts payable and other current liabilities	5,938	61,191
	(624,606)	(218,576)
Total Adjustments		
Net Cash Provided by (Used in) Operating Activities	1,413,206	1,446,520
Investing Activities:		
Purchase of investments	-	(305)
Proceeds from sales of investments	119,653	15,407
Purchases of equipment	(67,979)	(220,092)
	51,674	(204,990)
Net Cash Provided by (Used in) Investing Activities		
Financing Activities:		
Paycheck Protection Plan loan proceeds	-	202,000
	-	202,000
Net Cash Provided by (Used in) Financing Activities		
Net Increases (Decreases) in Cash and Cash Equivalents	1,464,880	1,443,530
Cash and Cash Equivalents - Beginning of Year	1,888,606	445,076
Cash and Cash Equivalents - End of Year	\$ 3,353,486	\$ 1,888,606

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

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS
NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 1 - NATURE OF ACTIVITIES

Nature of Activities - South Hills Interfaith Ministries, doing business as "South Hills Interfaith Movement" ("SHIM"), was established in 1968 and is a non-profit health and human service agency serving the South Hills of Allegheny County, Pennsylvania. SHIM envisions an inclusive community where everyone has the opportunity to thrive. SHIM's mission is to mobilize community resources and implement sustainable programs that compassionately help their neighbors meet basic needs, achieve self-sufficiency, and build community. SHIM impacts over 7,500 individuals and families through: basic needs programming (Food Pantries, Utility Assistance, Service Coordination, and Case Management services); self-sufficiency programming (Family Support Center, Early Childhood Program, After-school program, Mentoring program, WorkAble – job employment program, Smart Investments – financial assistance / education, and CheckMates – senior phone reassurance program); and community-building programs (Community Gardens, Interfaith Programs, and Volunteerism). During the coronavirus ("COVID-19") pandemic in 2020 and 2021, SHIM has responded to the emergency basic needs of the community impacted by food insecurity, housing / utility needs, and other financial needs. SHIM receives broad-based financial support from the religious community, community organizations and schools, foundations, corporations, government, and individuals.

Fiscal Year Change - On January 21, 2021, the board of directors voted and agreed to change SHIM's fiscal year from a September 30 to a June 30 fiscal year cycle. This change was made to align SHIM's budgeting and state funding from Allegheny County more appropriately. These statements present operating results for the nine-month period ending June 30, 2021, and the fiscal year ended September 30, 2020.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements for SHIM have been prepared on the accrual basis of accounting.

Basis of Presentation - Under accounting principles generally accepted in the United States of America, SHIM is required to report information regarding its financial position and activities according to two classes of net assets, as follows:

Net Assets without Donor Restrictions are neither permanently nor temporarily restricted by donor- or grantor-imposed restrictions.

Net Assets with Donor Restrictions are from contributions, grants, and other inflows of assets whose use by SHIM is limited by donor- or grantor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of SHIM, pursuant to the stipulations.

Cash and Cash Equivalents - SHIM considers all unrestricted, highly liquid instruments with original maturities of three months or less to be cash equivalents. SHIM maintains cash and cash equivalents at banks which are insured by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, SHIM has a credit risk for cash when the cash balance at a single bank exceeds the federally-insured amount of \$250,000.

Accounts Receivable, net - Accounts receivable, net is stated at amounts that management expects to collect from outstanding balances at fiscal year-end. SHIM provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the status of individual donors.

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Balances that are still outstanding after SHIM has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2021 and September 30, 2020, the allowance was \$0 and \$36,666, respectively.

Promises to Give - SHIM records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value, using present value techniques that incorporate risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Promises to give to be received beyond one year are considered non-current and are discounted using a 3.75% interest rate as of June 30, 2021 and September 30, 2020.

In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. SHIM determined the allowance for uncollectable promises to give based on an assessment of economic conditions, historical experience, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of June 30, 2021 and September 30, 2020, the allowance was \$12,990 and \$14,002, respectively.

Prepaid Expenses - Prepaid expenses consist of liability insurance and computer services.

Inventories - Inventories consist of various food products, articles of clothing, and gift cards which are carried at the lower of cost or net realizable value. Donated food inventory items are valued at approximately \$1.74 and \$1.70 per pound, based upon the national per-pound average of donated product outlined in the *Product Valuation Survey Methodology* (prepared by Feeding America, a national food bank network non-profit corporation) for the nine-month period ended June 30, 2021, and fiscal year ended September 30, 2020, respectively. KPMG, LLP performed procedures to assist Feeding America with determining the average wholesale value of one pound of donated product. Clothing was valued at \$9.09 per unit for the nine-month period ended June 30, 2021, and fiscal year ended September 30, 2020, based upon averages derived from the *Salvation Army Donation Value Guide*, which is available upon request.

Property and Equipment - Property and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. SHIM capitalizes building, land, land improvements, and vehicles greater than \$1,000. SHIM capitalizes equipment and computer software greater than \$500. Depreciation is computed using the straight-line method over their estimated useful lives. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations. Maintenance and repairs of property and equipment are expensed, and major improvements are capitalized.

The following lives used for depreciation are as follows:

	<u>Years</u>
Building and improvements	40
Land improvements	10
Vehicles	10
Equipment and furnishings	5
Computer software	3

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments - Accounts receivable, net, prepaid expenses, payables to other agencies, and accounts payable other current liabilities have been identified as short-term financial instruments. The related carrying amounts in the statement of financial position as of June 30, 2021 and September 30, 2020 approximate fair values because of the relatively short time between the origination of the instrument and its expected realization / liquidation.

Contributions - SHIM reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Sources of Revenue - Revenues and support result primarily from donations from the general public, bequests, private and government grants, and fundraising events.

In-Kind Donations - In-kind donations are recorded as contributions at their estimated fair values at the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by SHIM.

- Donated professional services of \$18,548 and \$9,750 were recorded for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.
- Rental space was donated for programs in the amount of \$0 and \$900 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.
- Items donated totaled \$0 and \$61,770 for the Back-to-School Program for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.
- The fair value of the items donated for the auction held at the annual gala event was \$0 and \$16,304 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.
- Donations of food, clothing, and household items totaled \$377,360 and \$678,939 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.

Volunteer Service - The public donates services to assist in carrying out SHIM's mission. During the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, volunteers provided more than 14,169 and 17,262 hours, respectively. For services that did not require special expertise, management used an average non-exempt hourly rate of \$14.14 and \$10.64 to estimate the value of these unpaid services to be \$200,350 and \$183,668 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively. The estimated value of these services has not been recorded in the financial statements because they did not satisfy the criteria for recognition under generally accepted accounting principles.

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Expense Allocation - The costs of providing the programs and other activities have been summarized on a functional basis in the statements of activities, and by natural classification on the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Salaries and taxes are directly charged to the various programs, administration, or fundraising, based on actual timecards. Employee benefits are primarily charged based on home department. Depreciation is allocated based on the use of the asset, identified by department.

Income Tax Status - SHIM is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

SHIM records a liability for uncertain tax positions, if any, based on management's judgment of the risk of loss for items that have been, or may be, challenged by taxing authorities. SHIM continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications of prior year's data have been made to conform to the current year's presentation. These changes did not have any impact on SHIM's net position.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2021, SHIM had \$2,840,725 of financial assets available to meet the cash needs for general operating expenditures within one year. As part of SHIM's liquidity management plan, cash in excess of daily requirements is retained within its investment account.

As part of SHIM's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

SHIM's financial assets available to meet the cash needs for general operating expenditures within one year are as follows:

	As of	
	June 30, 2021	September 30, 2020
Cash and cash equivalents	\$ 3,353,486	\$ 1,888,606
Accounts receivable, net	201,940	158,391
Promises to give - current, net	228,070	154,953
Total financial assets	3,783,496	2,201,950
Contractual or donor-imposed restrictions	907,771	284,991
Payable to other agencies	-	4,135
Board-designated	35,000	35,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,840,725	\$ 1,877,824

NOTE 4 - INVESTMENTS

Market price observability is impacted by several factors, including the type of investment, the characteristics specific to the investment, and the state of the marketplace (including the existence and transparency of transactions between market participants).

Investments with readily available, actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level I include listed equity securities and listed derivatives. To the extent that it holds such investments, SHIM does not adjust the quoted price for these investments, even in situations where SHIM holds a large position, and a sale could reasonably impact the quoted price.

Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, debt securities and partnerships that hold Level I assets, and real estate held for investment, if measured by a current appraisal.

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 4 - INVESTMENTS - Continued

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation by management. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and real estate held for investment, if measured using management estimates.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. SHIM's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Money market accounts or money market funds offered by banks, savings, and brokerage houses are typically subject to only minimal withdrawal restrictions and are more in the nature of interest-bearing accounts. SHIM has reclassified investments with these characteristics and without restrictions into cash and cash equivalents for reporting purposes.

The following table sets forth, by level within the fair value hierarchy, SHIM's assets at fair value. All assets are Level 1.

As of June 30, 2021:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Money market	\$ 3,502	\$ -	\$ -	\$ 3,502
Equities	-	-	-	-
Total	<u>\$ 3,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,502</u>

As of September 30, 2020:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Money market	\$ 3,035	\$ -	\$ -	\$ 3,035
Equities	70,328	-	-	70,328
Total	<u>\$ 73,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,363</u>

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable is composed of the following amounts:

	As of	
	June 30, 2021	September 30, 2020
Contracts	\$ 124,362	\$ 72,400
Other receivables	77,578	85,991
	\$ 201,940	\$ 158,391

NOTE 6 - PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows:

	As of	
	June 30, 2021	September 30, 2020
Within one year	\$ 228,070	\$ 163,613
In one to three years	421,437	86,485
	649,507	250,098
(Less): Discount to net present value at a rate of 3.75%	(23,073)	(3,798)
(Less): Allowance for uncollectable promises to give	(12,990)	(14,002)
	\$ 613,444	\$ 232,298

As of June 30, 2021 and September 30, 2020, one and three donors accounted for 69% and 77% of total promises to give, respectively.

Promises to give are a result of SHIM's Do More Good Campaign, a multi-year campaign to strengthen infrastructure, fortify existing best-practice programs, and create a responsive model of delivery that allows SHIM to meet the emerging needs of the suburban South Hills well into the future.

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 7 - PROPERTY AND EQUIPMENT

The various components of property and equipment are as follows:

	As of	
	June 30, 2021	September 30, 2020
Land	\$ 40,500	\$ 40,500
Building and improvements	500,664	493,724
Equipment and furnishings	269,546	242,289
Computer software	6,640	6,640
Vehicles	190,491	155,618
Construction in process	3,390	4,480
	1,011,231	943,251
(Less): Accumulated depreciation	(408,885)	(344,468)
Property and Equipment, net	\$ 602,346	\$ 598,783

Depreciation expense was \$64,416 and \$61,854 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.

NOTE 8 - LINE OF CREDIT

SHIM has a \$204,000 line of credit with a bank. Interest is calculated at the prime rate (3.25% as of June 30, 2021 and September 30, 2020), plus 0.5%, and is payable monthly. There were no outstanding borrowings as of June 30, 2021, or September 30, 2020. Principal is payable on demand and the line of credit has no expiration date.

NOTE 9 - COVID-19 AND PAYCHECK PROTECTION PROGRAM LOAN

The World Health Organization declared COVID-19 to be a Public Health Emergency of International Concern on January 30, 2020. On March 13, 2020, President Donald Trump declared the COVID-19 outbreak in the United States a national emergency, and the Centers for Disease Control and Prevention (“CDC”) has issued various guidelines and directives for communities and businesses to follow to prevent the spread of the virus. These directives and guidelines have resulted in the closure of schools and non-essential businesses, which has significantly disrupted commerce domestically. The direct and indirect impact of this situation on SHIM is difficult to determine because of the number of variables outside the control of management and the challenge of predicting how and when commerce will return to normal. Accordingly, as of the date of this report, management was unable to fully quantify the impact, which may be material, of COVID-19 on operations and financial performance of SHIM.

In April 2020, SHIM entered into a term note with a principal amount of \$202,000 pursuant to the Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The PPP loan is evidenced by a promissory note which bears interest at a fixed annual rate of 1.00%, with the first six months of interest deferred. The original agreement stated that beginning November 2020, SHIM will make 18 equal monthly payments of principal and interest, with the final payment due April 2022.

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 9 - COVID-19 AND PAYCHECK PROTECTION PROGRAM LOAN - Continued

Subsequent legislation has extended the deferral period for the loan payments to either: (1) the date that the Small Business Administration (“SBA”) remits the borrower’s loan forgiveness amount to the lender; or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period. The PPP loan was forgiven in full on April 9, 2021, and is recognized in the Statement of Activities accordingly.

NOTE 10 - BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

SHIM’s board provides oversight of the Do More Good Campaign. As the campaign evolves, the board will evaluate its status and determine future dollar amounts to move into board-designated funds.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	As of	
	June 30, 2021	September 30, 2020
Capacity building	\$ 314,840	\$ -
Capital	48,728	48,728
Financial assistance	66,415	178,859
Heinz restriction, net of present value	430,382	-
Interfaith education	4,406	4,404
Marketing cohort	30,000	30,000
Program modeling / assessment	10,000	20,000
Training	3,000	3,000
	\$ 907,771	\$ 284,991

NOTE 12 - LEASE COMMITMENTS

SHIM leases building space and office equipment under various operating lease arrangements through November 2025. Lease expense was \$81,897 and \$104,866 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.

In October 2017, SHIM signed a three-year lease agreement to rent out a portion of the Baldwin-Wallace Building from the Baldwin-Whitehall School District to better accommodate its Family Center services within the South Hills community. The lease contained two 1-year extensions, but is currently operating as a month-to-month lease, as neither option was exercised.

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
NINE-MONTH PERIOD ENDED JUNE 30, 2021, AND FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 12 - LEASE COMMITMENTS - Continued

Minimum lease payments under the terms of the lease agreements are as follows:

Fiscal Years Ending June 30,

2022	\$	16,536
2023		13,786
2024		9,936
2025		9,936
2026		1,668
		<hr/>
	\$	<u>51,862</u>

NOTE 13 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Salaries, related expenses, and other expenses listed on the statements of functional expenses are allocated on a reasonable basis, based on time and effort, that is consistently applied. Occupancy expenses are allocated on a square footage basis.

NOTE 14 - SPONSORED BENEFIT PLANS

Starting January 1, 2018, full-time employees began receiving a benefit equivalent to \$250 per month, paid for by SHIM, which can be used to offset medical expenses or added to their 401(k) retirement plan. SHIM provides a Qualified Small Employer Health Reimbursement Arrangement ("QSEHRA") plan, allowing employees to have monies set aside each month to offset medical premiums, co-pays, and deductibles. The organization also provides a 401(k) retirement plan in which employees can elect to participate. Employer contributions for these benefits were \$40,600 and \$49,540 for the nine-month period and fiscal year then ended June 30, 2021, and September 30, 2020, respectively.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2021, the date the financial statements were available to be issued and determined that no subsequent events have occurred.