

Financial Statements

SOUTH HILLS INTERFAITH MOVEMENT

FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH
PERIOD ENDED JUNE 30, 2021





Outside the box. Within the lines.



SOUTH HILLS INTERFAITH MOVEMENT
FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the fiscal year and nine-month period then ended, respectively, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SHIM as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the fiscal year and nine-month period then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SHIM and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SHIM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not absolute assurance; therefore, it is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SHIM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Holsinger P.C.

Wexford, Pennsylvania
November 7, 2022

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENTS OF FINANCIAL POSITION

ASSETS

	As of June 30,	
	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 4,100,388	\$ 3,353,486
Accounts receivable	140,915	201,940
Promises to give - current, net	148,697	228,070
Prepaid expenses	19,571	2,850
Inventories	56,570	85,599
Total Current Assets	4,466,141	3,871,945
Promises to give - non-current, net	239,311	385,374
Property and equipment, net	574,846	602,346
Total Assets	\$ 5,280,298	\$ 4,859,665

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and other current liabilities	\$ 170,402	\$ 196,020
Total Current Liabilities	170,402	196,020
Total Liabilities	170,402	196,020
Net Assets:		
Without Donor Restrictions:		
Undesignated	1,931,835	3,720,874
Board-designated	2,035,000	35,000
Total Net Assets without Donor Restrictions	3,966,835	3,755,874
Net Assets with Donor Restrictions	1,143,061	907,771
Total Net Assets	5,109,896	4,663,645
Total Liabilities and Net Assets	\$ 5,280,298	\$ 4,859,665

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

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contracts	\$ 1,090,119	\$ -	\$ 1,090,119
Contributions, net	796,007	821,700	1,617,707
In-kind donations	668,952	-	668,952
Gain / (loss) on disposal of property and equipment, net	(6,534)	-	(6,534)
Grants, net	-	65,000	65,000
Investment return, net	5,907	-	5,907
Miscellaneous income	4,240	-	4,240
Realized gain / (loss) on investments, net	(7,844)	-	(7,844)
Recovery of bad debt, net	5,512	-	5,512
Special events	108,135	-	108,135
Net assets released from restrictions	651,410	(651,410)	-
Total Revenues and Other Support	3,315,904	235,290	3,551,194
Expenses:			
Program services	2,481,719	-	2,481,719
General and administrative	357,339	-	357,339
Fundraising	265,885	-	265,885
Total Expenses	3,104,943	-	3,104,943
Change in Net Assets	210,961	235,290	446,251
Net Assets - Beginning of Year	3,755,874	907,771	4,663,645
Net Assets - End of Year	\$ 3,966,835	\$ 1,143,061	\$ 5,109,896

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
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)	-
Total Revenues and Other Support	3,727,516	622,780	4,350,296
Expenses:			
Program services	1,785,192	-	1,785,192
General and administrative	272,739	-	272,739
Fundraising	254,553	-	254,553
Total Expenses	2,312,484	-	2,312,484
Change in Net Assets	1,415,032	622,780	2,037,812
Net Assets - Beginning of Year	2,340,842	284,991	2,625,833
Net Assets - End of Year	\$ 3,755,874	\$ 907,771	\$ 4,663,645

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

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED JUNE 30, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and Related Expenses:				
Salaries and wages	\$ 970,470	\$ 166,726	\$ 158,839	\$ 1,296,035
Employee benefits	41,430	6,374	6,256	54,060
Payroll taxes	78,869	9,792	10,018	98,679
	<u>1,090,769</u>	<u>182,892</u>	<u>175,113</u>	<u>1,448,774</u>
Occupancy:				
Fees and rent*	76,300	14,923	-	91,223
Maintenance and repair	1,992	1,443	-	3,435
Utilities	28,194	2,159	2,042	32,395
	<u>106,486</u>	<u>18,525</u>	<u>2,042</u>	<u>127,053</u>
Other Expenses:				
Client financial assistance	461,605	-	-	461,605
Depreciation	93,878	1,916	3,569	99,363
Information technology	44,505	38,745	16,667	99,917
Insurance	6,976	22,325	90	29,391
Miscellaneous	18,920	15,967	-	34,887
Postage	257	989	4,939	6,185
Printing	597	143	10,468	11,208
Professional fees*	73,688	65,618	8,433	147,739
Purchased food and supplies*	543,866	5,606	5,791	555,263
Special events	-	-	37,336	37,336
Telephone	17,724	4,074	986	22,784
Training and education	4,998	504	310	5,812
Transportation	17,450	35	141	17,626
	<u>1,284,464</u>	<u>155,922</u>	<u>88,730</u>	<u>1,529,116</u>
Total Expenses	<u><u>\$ 2,481,719</u></u>	<u><u>\$ 357,339</u></u>	<u><u>\$ 265,885</u></u>	<u><u>\$ 3,104,943</u></u>

*Includes in-kind contributions.

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

SOUTH HILLS INTERFAITH MOVEMENT
STATEMENT OF FUNCTIONAL EXPENSES
NINE-MONTH PERIOD ENDED 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><u>\$ 1,785,192</u></u>	<u><u>\$ 272,739</u></u>	<u><u>\$ 254,553</u></u>	<u><u>\$ 2,312,484</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

	Fiscal Year / Period Ended June 30,	
	2022	2021
Operating Activities:		
Change in net assets	\$ 446,251	\$ 2,037,812
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Recovery of bad debt, net	(5,512)	-
Loss on uncollectable promises to give	5,171	12,990
Donated stock	(46,038)	(44,280)
Realized / unrealized (gain) / loss on investments	8,146	(5,045)
Depreciation	99,363	64,416
Loss on disposal of property and equipment, net	6,534	-
Forgiveness of Paycheck Protection Plan loan	-	(202,000)
Changes in Assets and Liabilities:		
Accounts receivable	66,537	(43,549)
Promises to give, net	220,265	(394,136)
Prepaid expenses	(16,721)	3,970
Inventories	29,029	(18,775)
Payables to other agencies	-	(4,135)
Accounts payable and other current liabilities	(25,618)	5,938
Total Adjustments	<u>341,156</u>	<u>(624,606)</u>
Net Cash Provided by (Used in) Operating Activities	787,407	1,413,206
Investing Activities:		
Proceeds from sales of investments	37,892	119,653
Purchases of property and equipment	<u>(78,397)</u>	<u>(67,979)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(40,505)</u>	<u>51,674</u>
Net Increases (Decreases) in Cash and Cash Equivalents	746,902	1,464,880
Cash and Cash Equivalents - Beginning of Year	<u>3,353,486</u>	<u>1,888,606</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,100,388</u>	<u>\$ 3,353,486</u>

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

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

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, 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, SHIM 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. This change was made to align SHIM’s budgeting and state funding from Allegheny County more appropriately. These statements present operating results for the fiscal year ended and nine-month period ended June 30, 2022 and 2021, respectively.

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 – Accounts receivable 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)
 FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

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, 2022 and 2021, there was no allowance necessary.

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 4.75% and 3.75% interest rate as of June 30, 2022 and 2021, respectively.

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, 2022 and 2021, the allowance was \$5,171 and \$12,990, 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 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 fiscal year ended June 30, 2022, and the nine-month period ended June 30, 2021. 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 fiscal year ended June 30, 2022 and 2021, 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, and land improvements greater than \$1,000. SHIM capitalizes vehicles, equipment, and computer software greater than \$1,500. 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 any gain or loss is included in operations. Maintenance and repairs of property and equipment are expensed, and major improvements are capitalized.

The useful lives used for depreciation are as follows:

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

SOUTH HILLS INTERFAITH MOVEMENT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value of Financial Instruments – Accounts receivable, prepaid expenses, and accounts payable and 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, 2022 and 2021 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 \$500 and \$18,548 were recorded for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, respectively.
- Items donated totaled \$46,270 and \$0 for the Back-to-School Program for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, respectively.
- The fair value of the items donated for the auction held at the annual gala event was \$2,685 and \$0 for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, respectively.
- Donations of food, clothing, and household items totaled \$665,766 and \$377,360 for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, respectively.

Volunteer Service – The public donates services to assist in carrying out SHIM's mission. During the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, volunteers provided more than 18,968 and 14,169 hours, respectively. For services that did not require special expertise, management used an average non-exempt hourly rate of \$14.14 to estimate the value of these unpaid services to be \$268,207 and \$200,350 for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, 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)
FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

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, 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.

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, 2022 and 2021, SHIM had \$1,211,939 and \$2,840,725 of financial assets available to meet the cash needs for general operating expenditures within one year, respectively. 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)
 FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

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 were as follows:

	As of June 30,	
	2022	2021
Cash and cash equivalents	\$ 4,100,388	\$ 3,353,486
Accounts receivable	140,915	201,940
Promises to give - current, net	148,697	228,070
Total financial assets	4,390,000	3,783,496
Contractual or donor-imposed restrictions	1,143,061	907,771
Board-designated	2,035,000	35,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,211,939	\$ 2,840,725

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)
 FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

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, 2022:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Money market fund	\$ 41,564	\$ -	\$ -	\$ 41,564
Equities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 41,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,564</u>

As of June 30, 2021:

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

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following amounts:

	As of June 30,	
	2022	2021
Contracts	\$ 108,228	\$ 124,362
Other receivables	32,687	77,578
	\$ 140,915	\$ 201,940

NOTE 6 – PROMISES TO GIVE

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

	As of June 30,	
	2022	2021
Within one year	\$ 148,697	\$ 228,070
In one to three years	258,550	421,437
	407,247	649,507
(Less): Discount to net present value at a rate of 4.75% and 3.75%, respectively	(14,068)	(23,073)
(Less): Allowance for uncollectable promises to give	(5,171)	(12,990)
	\$ 388,008	\$ 613,444

As of June 30, 2022 and 2021, one donor accounted for 86% and 69% 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)
FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

NOTE 7 – PROPERTY AND EQUIPMENT

The various components of property and equipment were as follows:

	As of June 30,	
	2022	2021
Land	\$ 40,500	\$ 40,500
Building and improvements	490,407	500,664
Equipment and furnishings	288,405	269,546
Computer software	26,950	6,640
Vehicles	190,491	190,491
Construction in process	16,790	3,390
	1,053,543	1,011,231
(Less): Accumulated depreciation	(478,697)	(408,885)
Property and Equipment, net	\$ 574,846	\$ 602,346

Depreciation expense was \$99,363 and \$64,416 for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, respectively.

NOTE 8 – LINE OF CREDIT

SHIM has a \$204,000 line of credit with a bank. Interest is calculated at the prime rate (4.75% as of June 30, 2022 and 3.25% as of June 30, 2021), plus 0.5%, and is payable monthly. There were no outstanding borrowings as of June 30, 2022 or 2021. 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”) issued various guidelines and directives for communities and businesses to follow to prevent the spread of the virus. These directives and guidelines resulted in the closure of schools and non-essential businesses, which 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 was forgiven in full on April 9, 2021, and is recognized in the Statement of Activities accordingly for the nine-month period ended June 30, 2021.

SOUTH HILLS INTERFAITH MOVEMENT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

NOTE 10 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

SHIM’s board provides oversight of the Do More Good Campaign. As the campaign evolved throughout the 2022 fiscal year, the board evaluated its status and determined to move \$2,000,000 into board-designated funds.

Board-restricted net assets without donor restrictions were as follows:

	As of June 30,	
	2022	2021
Legacy Endowment Fund	\$ 35,000	\$ 35,000
Do More Good Reserve Fund	2,000,000	-
	\$ 2,035,000	\$ 35,000

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

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

	As of June 30,	
	2022	2021
Capacity building	\$ 714,025	\$ 314,840
Capital	39,320	48,728
Financial assistance	41,928	66,415
Heinz restriction, net of present value	330,382	430,382
Interfaith education	4,406	4,406
Marketing cohort	-	30,000
Program modeling / assessment	10,000	10,000
Training	3,000	3,000
	\$ 1,143,061	\$ 907,771

NOTE 12 – LEASE COMMITMENTS

SHIM leases building space and office equipment under various operating lease arrangements through November 2025. Lease expense was \$105,308 and \$81,897 for the fiscal year ended June 30, 2022 and the nine-month period ended June 30, 2021, 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)
 FISCAL YEAR ENDED JUNE 30, 2022 AND NINE-MONTH PERIOD ENDED JUNE 30, 2021

NOTE 12 – LEASE COMMITMENTS – Continued

Future minimum lease payments under the terms of the lease agreements are as follows:

<u>Years Ending June 30,</u>	
2023	\$ 13,786
2024	9,936
2025	9,936
2026	<u>1,668</u>
	<u>\$ 35,326</u>

NOTE 13 – 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. SHIM also provides a 401(k) retirement plan in which employees can elect to participate. Employer contributions for these benefits were \$49,624 and \$40,600 for the fiscal year ended June 30, 2022 and for the nine-month period ended June 30, 2021, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 7, 2022, the date the financial statements were available to be issued, and determined that the following subsequent event has occurred:

The Board of Directors developed a formal investment policy for adoption subsequent to year-end. The policy was designed to:

1. Define the roles of SHIM;
2. Define the roles of the Investment Committee;
3. Set forth the investment objectives for the fund and tolerance for risk;
4. Describe the investment policies and procedures and formulate policies to assist the Investment Committee with developing a suitable long-term strategic asset allocation, selecting appropriate investment managers (managers overseeing the specific funds which are invested in) or co-mingled funds within the framework of that strategic asset allocation and prudently monitoring and evaluating the performance of the overall fund and such investment managers or co-mingled funds.