GSG Gorfine Schiller Gardyn
Certified Public Accountants and Consultants

INTERFAITH ALLIANCE
PROTECTING FAITH AND FREEDOM

THE INTERFAITH ALLIANCE FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

THE INTERFAITH ALLIANCE FOUNDATION, INC.
AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Interfaith Alliance Foundation, Inc. and Affiliate
Washington, D.C.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Interfaith Alliance Foundation, Inc. and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of cash flows for the years then ended, the related consolidated statement of activities and functional expenses for the year ended December 31, 2020, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Interfaith Alliance Foundation, Inc. and Affiliate as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Interfaith Alliance Foundation, Inc. and Affiliate's December 31, 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 24, 2020. In our opinion, the summarized comparative information presented in the consolidated statement of activities and functional expenses for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gorfine, Schiller + Gardyn, P.A.

June 9, 2021
Owings Mills, Maryland

CONSOLIDATED FINANCIAL STATEMENTS

THE INTERFAITH ALLIANCE FOUNDATION, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 406,323	$ 435,722
Investments	7,156	5,680
Contributions and other receivables	46,383	55,528
Pledges receivable	-	220,761
Prepaid expenses	4,285	12,436
Total current assets	464,147	730,127
OTHER ASSETS		
Security deposits	3,400	5,000
TOTAL ASSETS	$ 467,547	$ 735,127
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 29,927	$ 42,833
OTHER LIABILITIES		
Salaries payable	13,500	13,500
Total liabilities	43,427	56,333
NET ASSETS		
Net assets without donor restrictions	386,620	385,027
Net assets with donor restrictions	37,500	293,767
Total net assets	424,120	678,794
TOTAL LIABILITIES AND NET ASSETS	$ 467,547	$ 735,127

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

THE INTERFAITH ALLIANCE FOUNDATION, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
REVENUE				
Direct mail contributions	$ 202,276	$ -	$ 202,276	$ 240,836
Foundation grants	443,439	-	443,439	989,761
Other contributions and bequests	170,811	-	170,811	137,268
Events	-	-	-	14,390
List rental income	107	-	107	1,235
Other income	7,058	-	7,058	89,110
Donated services	26,001	-	26,001	25,913
Net assets released from restrictions	75,000	(75,000)	-	-
Total revenue	924,692	(75,000)	849,692	1,498,513
FUNCTIONAL EXPENSES				
Program services:				
Education, research and civil discourse	787,646	-	787,646	671,117
Grassroots organizing, religious outreach and issue advocacy	122,852	-	122,852	148,922
Total program services	910,498	-	910,498	820,039
Supporting services:				
Management and general	94,617	-	94,617	117,477
Fundraising	99,251	-	99,251	137,457
Total supporting services	193,868	-	193,868	254,934
Total functional expenses	1,104,366	-	1,104,366	1,074,973
CHANGES IN NET ASSETS	(179,674)	(75,000)	(254,674)	423,540
NET ASSETS – Beginning of year	(38,513)	112,500	678,794	255,254
NET ASSETS – End of year	$ (218,187)	$ 37,500	$ 424,120	$ 678,794

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

THE INTERFAITH ALLIANCE FOUNDATION, INC.
AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ (254,674)	$ 423,540
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Gain on investments	(1,476)	(2,737)
Changes in operating assets and liabilities:		
Contributions and other receivables	9,145	73,303
Pledges receivable	220,761	(220,761)
Prepaid expenses	8,151	(12,436)
Accounts payable and accrued expenses	(12,906)	18,940
Salaries payable	-	(33,000)
Security deposits	1,600	18
Net cash (used in) provided by operating activities	(29,399)	246,867
CASH AND CASH EQUIVALENTS – Beginning of year	435,722	188,855
CASH AND CASH EQUIVALENTS – End of year	$ 406,323	$ 435,722

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

THE INTERFAITH ALLIANCE FOUNDATION, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020 (With Comparative Totals for 2019)

	2020					2019
	Education, Research and Civil Discourse	Grassroots Organizing, Religious Outreach and Issue Advocacy	Management and General	Fundraising	Total	Total
Salaries, payroll taxes and benefits	$ 495,640	$ 101,077	$ 63,291	$ 49,589	$ 709,597	$ 646,129
Professional services	155,292	2,890	5,312	15,932	179,426	161,935
Direct mail	33,113	-	-	25,052	58,165	84,650
Occupancy	59,447	12,123	22,282	5,948	99,800	98,220
Advertising	11,120	-	-	-	11,120	-
Equipment rental and maintenance	5,405	226	416	111	6,158	2,402
Travel	701	24	44	12	781	36,631
Telephone and communications	11,286	85	155	42	11,568	31,497
Other	15,642	6,427	3,117	2,565	27,751	13,509
Total expenses	$ 787,646	$ 122,852	$ 94,617	$ 99,251	$ 1,104,366	$ 1,074,973

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

NOTE A – NATURE OF ORGANIZATION

The Interfaith Alliance Foundation, Inc. and Affiliate, (the Organization) is a nonpartisan, grassroots organization that celebrates religious freedom by championing individual rights, promoting policies that protect both religion and democracy, and uniting diverse voices to challenge extremism. The Organization has approximately 185,000 members across the Unites States including approximately 75 faith traditions as well as those of no faith tradition. The Organization is comprised of The Interfaith Alliance Foundation, Inc. (TIAF), a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code (IRC), and The Interfaith Alliance, Inc. (TIA), a tax-exempt organization under section 501(c)(4) of the IRC.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation

The consolidated financial statements include the accounts of TIAF and TIA due to the presence of common control and economic interest. All significant intercompany balances and transactions have been eliminated in consolidation.

2. Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

4. Contributions and Other Receivables

The Organization provides an allowance for doubtful accounts based on management's review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances. As of December 31, 2020 and 2019, all amounts are due within one year and are deemed fully collectible. Therefore, no allowance is considered necessary by management.

5. Pledges Receivable

Pledges discounted to net present value with an interest rate of 1.92%, less an allowance for uncollectible amounts, are recorded as contribution revenue and receivables in the year pledged. The 2019 pledge receivable was collected in full in 2020. Pledges receivable, net for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Amounts due within 1 year	$ -	$ 225,000
Less: discount to present value	-	(4,239)
Pledges receivable, net	$ -	$ 220,761

6. Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

7. Property and Equipment

Property and equipment with a cost in excess of $500 is capitalized and depreciated over its estimated useful life of 3-7 years on a straight-line basis.

8. Net Asset Classification

The Organization follows Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for Profit Entities* (FASB ASC 958), and has adopted Accounting Standards Update (ASU) 2016-14 (ASU 2016-14). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions includes all gifts from grantors that are restricted in some manner to their use or time. This restriction can be temporarily restricted or permanently restricted. Net assets with permanent donor restrictions would be designated by the donors to be invested in perpetuity. The Organization did not have any net assets with permanent donor restrictions as of December 31, 2020 and 2019.

9. Revenue Recognition

The Organization has adopted Financial Accounting Standards Board issued Accounting Standards Update 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in the update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction, and for determining whether a contribution is conditional or unconditional. Contribution and grant revenue is recognized when received, or if a promise to give, when the unconditional promise is made, or if conditional, when the condition is met. Bequest revenue is recognized when the probate courts decide the will is valid and the proceeds are measureable. Registration fees and sponsorships for events are deferred until the event takes place. Other revenues are recognized when earned.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Allocation of Functional Expenses

The Organization presents its expenses on a functional basis, separating program expenses from management and general and fundraising expenses. Salaries and related costs are allocated based on time employees spend on each function. Other expenses are specifically allocated whenever practical, or are allocated based on management's estimate. Costs of activities with both fundraising and program aspects are allocated on a functional basis if the activity includes a clear call to action, and the target audience has both the reasonable potential to take and benefit from the action called for.

11. Income Taxes

TIAF and TIA are generally exempt from federal and state income taxes. Contributions to TIAF are tax deductible. The Organization follows the provisions of the Financial Accounting Standards Codification, *Accounting for Income Taxes*. This topic requires the Organization to recognize or disclose any tax positions that would result in unrecognized tax benefits. The Organization has no positions that would require disclosure or recognition under the topic. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

12. Comparative Summarized Data

The amounts presented for the year ended December 31, 2019 in the accompanying consolidated statement of activities and functional expenses are included to provide a basis for comparison with 2020, and present summarized totals only. Accordingly, the 2019 totals are not intended to present all of the information required for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

13. Reclassifications

Certain reclassifications have been made to the prior financial statements to conform to the current year presentation.

14. Changes in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2014-09, *Revenue from Contracts with Customers.* ASU 2014-09 and all related amendments serve to supersede most existing revenue recognition guidance and requires that revenue recognition be determined by applying a 5 step process. The Organization adopted the new standard effective January 1, 2020, using the full retrospective method. There were no changes to the Organization's consolidated financial statements upon adoption of this new standard.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Accounting for Leases*, which requires that all lease greater than twelve months be presented on the statements of financial position. The new standard, as amended by subsequent Accounting Standards Updates, is effective for the year ending December 31, 2022. The Organization will evaluate the effect that implementation of the new standard will have on its financial position.

16. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 9, 2021, the date the financial statements were available to be issued.

NOTE C – CONTRIBUTIONS AND OTHER RECEIVABLES

Contributions and other receivables consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Contributions	$ 46,383	$ 55,425
List rental	-	103
	$ 46,383	$ 55,528

NOTE D – RETIREMENT PLANS

403(b) Plan

The Organization maintains a defined contribution 403(b) profit sharing plan for all employees with at least six months of service and who are over 18 years of age. Participants may make voluntary contributions up to the maximum amount allowed by law. The Organization may make discretionary matching contributions to participating employees. The Organization contributed $13,040 and $-0- to the 403(b) plan for the years ended December 31, 2020 and 2019.

NOTE E – LEASE COMMITMENTS

In May 2018, the Organization entered in to a lease for office space on a year-to-year basis at $7,100 per month. The lease was amended in September 2019 and in March 2020, as the Organization required more space. In September 2020, as the Organization needed less space due to the COVID-19 pandemic, the lease was amended to reduce rent to $3,000 per month, on a year-to-year basis.

Rent expense under the lease was $98,200 and $98,220 for the years ended December 31, 2020 and 2019, respectively.

NOTE F – ALLOCATION OF JOINT COSTS

The Organization conducts direct mail campaigns, which include both appeals for contributions and program components. The Organization allocates the expenses incurred for direct mailing pieces that meet the criteria for allocation among the functional expenses to which the costs relate. The allocation is based on analysis of the content of the mailings. Total costs of the mailings which were allocated are as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Education, research and civil discourse	$ 12,465	$ 19,479
Fundraising	9,430	11,843
	$ 21,895	$ 31,322

NOTE G – CASH CONCENTRATION

The Organization maintains its cash in commercial banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. As of December 31, 2020, approximately $79,000 exceeded the FDIC insurance limits. The Organization does not believe that it is exposed to any significant risks on such deposits.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions had the following purposes and time restrictions as of December 31, 2020 and 2019:

	2020	2019
Policy personnel	$ 37,500	$ 112,500

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 406,323	$ 435,722
Investments	7,156	5,680
Contributions and other receivables	46,383	276,289
Total financial assets available within one year	459,862	717,691
Less contributions with donor restrictions for specific purposes	(37,500)	(112,500)
Financial assets available to meet cash needs for general expenditures within one year	$ 422,362	$ 605,191

NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

As part of the Organization'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. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organization will continue its efforts for fundraising throughout 2021 to support the Organization and if necessary expenses and programs can be reduced to ensure cash is available to meet funding needs.

NOTE J – COVID-19 IMPACT

The Organization's business is operating in an environment in which a pandemic exists in relation to the novel coronavirus, COVID-19. As of the date of these financial statements, the Organization does not have any additional liabilities resulting from COVID-19 and its operations have not been significantly impacted by the virus. The impact of COVID-19 on future financial conditions and results of operations cannot be reasonably estimated.