

**INTERFAITH SENIOR PROGRAMS, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(With Summarized Totals for the Year Ended December 31, 2009)**

**INTERFAITH SENIOR PROGRAMS, INC.**

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Independent Auditor's Report

Board of Directors  
Interfaith Senior Programs, Inc.

We have audited the accompanying balance sheet of Interfaith Senior Programs, Inc. as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Interfaith Senior Programs, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated April 19, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interfaith Senior Programs, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Interfaith Senior Programs, Inc. taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
April 25, 2011

Ritz Holman LLP  
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**INTERFAITH SENIOR PROGRAMS, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2010**  
(With Summarized Totals for December 31, 2009)

	2010	2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 356,078	\$ 432,130
Prepaid Expenses	4,715	5,516
Accounts Receivable	58,484	17,346
Net Pledges Receivable	3,984	4,134
Other Current Assets	1,143	2,536
Total Current Assets	\$ 424,404	\$ 461,662
<b>FIXED ASSETS</b>		
Equipment	\$ 62,095	\$ 65,301
Less: Accumulated Depreciation	(32,787)	(43,237)
Net Fixed Assets	\$ 29,308	\$ 22,064
<b>OTHER ASSETS</b>		
Greater Milwaukee Foundation	\$ 60,076	\$ 44,419
Waukesha County Community Foundation	29,765	26,487
Total Other Assets	\$ 89,841	\$ 70,906
<b>TOTAL ASSETS</b>	<b>\$ 543,553</b>	<b>\$ 554,632</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Deferred Revenue	\$ 1,143	\$ 34,934
Accounts Payable	45,963	35,636
Accrued Payroll	31,138	27,183
Total Current Liabilities	\$ 78,244	\$ 97,753
<b>NET ASSETS</b>		
Unrestricted	\$ 270,185	\$ 267,161
Temporarily Restricted	195,124	189,718
Total Net Assets	\$ 465,309	\$ 456,879
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 543,553</b>	<b>\$ 554,632</b>

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

**INTERFAITH SENIOR PROGRAMS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(With Summarized Totals for the Year Ended December 31, 2009)

	Unrestricted	Temporarily Restricted	2010 Total	2009 Total
<b>REVENUE</b>				
State of Wisconsin, Department of Health Services	\$ 12,660	\$ ---	\$ 12,660	\$ 12,660
Aging and Disability Resource Center of Waukesha County - Specialized Transportation	7,000	---	7,000	7,000
Aging and Disability Resource Center of Waukesha County - Chore Contract	19,367	---	19,367	19,367
Community Development Block Grant	25,000	---	25,000	36,000
Corporation for National and Community Service	102,125	---	102,125	99,149
State of Wisconsin, Department of Transportation Emergency Shelter Grant	54,595	---	54,595	---
Emergency Shelter Grant	14,338	---	14,338	20,443
Homeless Prevention Rapid Re-Housing Program	4,583	---	4,583	---
Individual Contributions	86,306	5,988	92,294	92,379
Bequests	1,340	---	1,340	12,650
Corporate Contributions	21,566	---	21,566	29,237
Foundations	64,725	20,500	85,225	54,745
Special Events Income	94,272	---	94,272	91,123
Special Events Expense	(28,938)	---	(28,938)	(24,976)
In-Kind	100,703	---	100,703	102,961
United Way	231,225	15,886	247,111	225,508
Investment Income	1,308	10,341	11,649	15,297
State Faith in Action Membership Fees	1,275	---	1,275	1,300
Loss on Disposal of Fixed Assets	(1,423)	---	(1,423)	---
Net Assets Released From Restrictions	47,309	(47,309)	---	---
Total Revenue	\$ 859,336	\$ 5,406	\$ 864,742	\$ 794,843
<b>EXPENSES</b>				
Program Services	\$ 741,143	\$ ---	\$ 741,143	\$ 669,478
Administrative	60,299	---	60,299	60,911
Fund-Raising	54,870	---	54,870	41,633
Total Expenses	\$ 856,312	\$ ---	\$ 856,312	\$ 772,022
CHANGE IN NET ASSETS	\$ 3,024	\$ 5,406	\$ 8,430	\$ 22,821
Net Assets, Beginning of Year	267,161	189,718	456,879	434,058
NET ASSETS, END OF YEAR	\$ 270,185	\$ 195,124	\$ 465,309	\$ 456,879

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

**INTERFAITH SENIOR PROGRAMS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(With Summarized Totals for the Year Ended December 31, 2009)**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 8,430	\$ 22,821
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	13,606	10,320
Net Realized and Unrealized Gain on Investments	(8,276)	(10,637)
Loss on Disposal Asset	1,423	---
(Increase) Decrease in Prepaid Expenses	801	399
(Increase) Decrease in Accounts Receivable	(41,138)	(2,215)
(Increase) Decrease in Net Pledges Receivable	150	29,778
(Increase) Decrease in Other Current Assets	1,393	(1,287)
Increase (Decrease) in Deferred Revenue	(33,791)	33,810
Increase (Decrease) in Accounts Payable	10,327	29,096
Increase (Decrease) in Accrued Payroll	3,955	3,358
	<u>          </u>	<u>          </u>
Net Cash (Used) Provided by Operating Activities	\$ (43,120)	\$ 115,443
	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	\$ (23,323)	\$ (6,936)
Proceeds From Sale of Fixed Assets	1,050	---
Sale of Investments	1,457	532
Purchase of Investments	(12,116)	(3,204)
	<u>          </u>	<u>          </u>
Net Cash Used by Investing Activities	\$ (32,932)	\$ (9,608)
	<u>          </u>	<u>          </u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (76,052)	\$ 105,835
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>432,130</u>	<u>326,295</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 356,078</u>	<u>\$ 432,130</u>

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

**INTERFAITH SENIOR PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Interfaith Senior Programs, Inc. (the "Organization") responds to community needs through volunteerism.

**Accounting Method**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Fixed Assets**

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Fixed Assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Assets of the restricted classes are created only by donor-imposed restrictions.

At December 31, 2010, the Organization had \$93,825 of temporarily time-restricted net assets and \$101,299 of temporarily purpose-restricted net assets.

**Contributions**

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Reclassification**

Certain 2009 amounts have been reclassified to conform with the 2010 financial statement presentation.

**Allowance for Uncollectible Accounts**

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**NOTE B - Comparative Financial Information**

The financial information shown for 2009 in the accompanying financial statements is included to provide a basis of comparison with 2010 and presents summarized totals only.

**NOTE C - Pledges Receivable**

Pledges Receivable consisted of the following at December 31, 2010:

	<u>Year Due</u>	<u>Amount</u>
Gross Receivable	Overdue	\$2,600
	2011	1,350
	2012	<u>150</u>
		\$4,100
Less: Present Value Discount		<u>(116)</u>
Net Pledges Receivable		<u>\$3,984</u>

The discount rate used to determine the present value of Pledges Receivable was 2.65%.

**NOTE D - Temporarily Restricted Net Assets/Agency Endowment Funds**

The Organization has transferred certain funds to the Greater Milwaukee Foundation, Inc. (GMF) and the Waukesha County Community Foundation, Inc. (WCCF) for investment purposes. The Organization has designated itself as the sole beneficiary of the income from the investments of these funds. The Board of Trustees of the foundations has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The total value of these investments as of December 31, 2010 amounted to \$89,841.

**NOTE E - In-Kind Donations**

During the year, donated rent, gift cards and other items with a fair value of \$100,703 were recorded as revenue and expense for the year ended December 31, 2010.

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE F - Rental Lease**

The Organization leases office space in Waukesha, Wisconsin. The lease payments for the year ended December 31, 2010 totaled \$48,853, which included \$32,037 of donated rent.

Future minimum rental payments for this lease are \$39,980 for the year ended December 31, 2011.

The term of the lease is on a month-to-month basis with a 90-day written notice of termination. The lease terms shall not extend beyond April 30, 2012.

**NOTE G - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2010:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
GMF Investments	\$60,076	\$ ---	\$ ---	\$60,076
WCCF Investments	<u>29,765</u>	---	---	<u>29,765</u>
Total	<u>\$89,841</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$89,841</u>

GMF investments include equities securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by GMF, which reports on a calendar year.

WCCF investments include equities securities, bonds and short-term cash investments.

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE G - Fair Value Measurements (continued)**

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	GMF Investments	WCCF Investments	Total
Beginning Balance, January 1, 2010	\$ 44,419	\$ 26,487	\$ 70,906
Total gains or losses (realized/unrealized)	6,317	3,078	9,395
Purchases, issuances, and settlements	9,340	200	9,540
Transfers in and/or out of Level 3	---	---	---
Ending Balance, December 31, 2010	<u>\$ 60,076</u>	<u>\$29,765</u>	<u>\$ 89,841</u>

**NOTE H - Investment - Quasi-Endowments**

**Interpretation of Relevant Law**

The Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds which was enacted into law in the State of Wisconsin on August 4, 2009. UPMIFA requires that the portion of a donor restricted endowment fund that is classified as permanently restricted net assets is not reduced by losses on the investment of the fund, except to the extent required by the donor. Likewise, the amount of permanently restricted net assets is not reduced by an organization's appropriations from the fund. The portion of the fund that is not classified as permanently restricted net assets is reported as temporarily restricted net assets until appropriated for expenditure by the Organization.

The Organization holds quasi-endowment funds at GMF and WCCF, community foundations. The size of distributions from the Funds is determined in accordance with the Foundations' distribution policies in effect from time to time.

The principal values of the Funds are composed of contributions and investment income and are considered to be temporarily restricted. The financial statements include \$89,841 of temporarily restricted net assets at December 31, 2010.

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE H - Investment - Quasi-Endowments (continued)**

**Investment Policy**

**Greater Milwaukee Foundation, Inc.**

GMF Statement of Investment Policy is as follows:

For endowed funds, the primary objective is to preserve the portfolio's purchasing power through asset growth at least equal to the spending policy plus the rate of inflation. The Foundation seeks to achieve this objective using the following investment philosophy.

- Allocate the majority of the portfolio to asset classes with high long-term returns, i.e. equities/alternative asset classes.
- Consistently utilize meaningful asset class diversification to achieve return objectives during a variety of economic market conditions.
- Avoid attempts to predict short-term market behavior via market timing strategies.
- Retain world-class investment managers who are expected to out perform index funds over most three- to five-year periods. In areas where the Foundation does not believe meaningful or reliable above benchmark performance is available, index strategies are used.

**Waukesha County Community Foundation, Inc.**

The Organization chooses to invest quasi-endowment funds in the WCCF. The WCCF's investment policy is as follows:

- Funds shall generally be invested in mutual funds, with approximately 60% in equity funds and 40% in bond funds, with a 1-2 % allowance for short-term cash investments.

**Policy for Appropriation of Funds**

The GMF and WCCF quasi-endowment funds are set up to support the operations of the Organization. The Organization's finance committee, a standing committee acting on behalf of the Board of Directors, determines how a distribution is appropriated. Historically, the distribution has been reinvested.

**Net Assets Classification**

The GMF and WCCF maintain variance power over the quasi-endowment funds they hold. The GMF and WCCF determine an annual appropriation of funds that will be granted to the Organization for spending. Due to the variance power maintained by the GMF and WCCF, the quasi-endowments are considered temporarily restricted.

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE H - Investment - Quasi-Endowments (continued)**

Quasi-endowment net asset composition as of December 31, 2010 is as follows:

	Temporarily Restricted <u>Net Assets</u>	<u>Total</u>
GMF	\$60,076	\$60,076
WCCF	<u>29,765</u>	<u>29,765</u>
Total	<u>\$89,841</u>	<u>\$89,841</u>

Changes in quasi-endowment net assets as of December 31, 2010 are as follows:

	<u>Temporarily Restricted</u>		<u>Total</u>
	<u>GMF</u>	<u>WCCF</u>	<u>Net Assets</u>
Quasi-Endowment Net Assets, Beginning of Year	\$44,419	\$26,487	\$70,906
Interest Income	709	410	1,119
Net Appreciation/Depreciation	5,608	2,668	8,276
Contributions	10,000	200	10,200
Amount Appropriated for Expenditure	<u>(660)</u>	<u>---</u>	<u>(660)</u>
Quasi-Endowment Net Assets, End of Year	<u>\$60,076</u>	<u>\$29,765</u>	<u>\$89,841</u>

**NOTE I - Line of Credit**

The Organization has a \$25,000 revolving line of credit, with an interest rate at prime (3.5% at December 31, 2010). The current agreement expires in August 2011. The line of credit did not have a balance at December 31, 2010.

**INTERFAITH SENIOR PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**NOTE J - Temporarily Restricted Net Assets**

At December 31, 2010, the Organization had \$195,124 of temporarily restricted net assets.

Temporarily Restricted Net Assets consists of the following:

State Faith in Action	\$ 20,770
Kettle Moraine School District Expansion – RSVP	8,000
Mental Health Special Circumstances – Faith in Action	2,831
Mental Health – Faith in Action	1,002
Telephone System	2,648
RSVP	2,137
Collaborative Transportation	4,638
Caregiver Consortium	54,846
Faith in Action	4,427
Time-Restricted	<u>93,825</u>
Total	<u>\$195,124</u>

**NOTE K - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2010, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE L - Subsequent Events**

The Organization evaluated subsequent events and transactions for possible adjustments to the financial statements and disclosures. The Organization considered events and transactions occurring after December 31, 2010, the date of the most recent balance sheet, through April 25, 2011, the date the financial statements are available to be issued. It has been determined that no subsequent events need to be disclosed.

**INTERFAITH SENIOR PROGRAMS, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**  
(With Summarized Totals for the Year Ended December 31, 2009)

	Program Services	Administrative	Fund-Raising	2010 Total	2009 Total
<b>EXPENSES</b>					
Salaries and Wages	\$ 343,267	\$ 29,482	\$ 31,520	\$ 404,269	\$ 373,346
Payroll Taxes	35,080	3,198	3,213	41,491	36,205
Employee Benefits	13,073	755	371	14,199	18,369
Professional/Consulting Fees	1,526	7,230	---	8,756	8,332
Supplies	9,837	829	1,126	11,792	10,193
Telephone	8,042	525	415	8,982	5,841
Postage and Shipping	7,022	401	1,564	8,987	9,375
Occupancy	14,360	1,373	1,083	16,816	16,816
In-Kind	93,311	3,917	3,475	100,703	102,961
Equipment Rental and Maintenance	1,244	679	377	2,300	2,150
Printing and Publications	21,085	1,062	2,318	24,465	12,703
Travel	4,312	665	1,218	6,195	5,544
Conferences, Conventions and Meetings	4,703	1,743	885	7,331	2,686
Depreciation	11,805	803	998	13,606	10,320
Insurance	1,690	303	106	2,099	1,392
Membership Dues	1,505	670	340	2,515	1,740
Licenses and Permits	---	74	---	74	25
Technology	20,537	3,563	4,133	28,233	14,881
Program Expense	55,409	---	---	55,409	53,983
Caregiver Consortium	80,600	---	---	80,600	67,701
Volunteer Expense	10,157	---	---	10,157	10,748
Subscriptions	208	326	25	559	265
Organizational Development	2,348	1,526	653	4,527	5,395
Other Expenses	22	1,175	1,050	2,247	1,051
<b>Total Expenses</b>	<b>\$ 741,143</b>	<b>\$ 60,299</b>	<b>\$ 54,870</b>	<b>\$ 856,312</b>	<b>\$ 772,022</b>