FAMILY PROMISE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018

SOBEL & CO. LLC
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FAMILY PROMISE, INC.

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Family Promise, Inc.
Summit, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Family Promise, Inc. ("Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Family Promise, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Organization adopted Financial Accounting Standards Board *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards on pages 18-20, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2019, on our consideration of Family Promise, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
May 23, 2019

SOBELCO

FAMILY PROMISE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 1,588,774
Pledges receivable	41,125
Grants receivable	95,121
Accounts receivable	129,036
Prepaid expenses	14,884
Investments	1,403,836
Total Current Assets	3,272,776
Property and equipment, net	80,055
Pledges receivable-noncurrent	2,758
	$ 3,355,589

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable and accrued expenses	$ 85,295
Deferred revenue	1,364
Total Current Liabilities	86,659
NET ASSETS:	
Net assets without donor restrictions	1,624,353
Board-designated endowment	1,459,176
Total net assets without donor restrictions	3,083,529
Net assets with donor restrictions	185,401
Total Net Assets	3,268,930
	$ 3,355,589

FAMILY PROMISE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Individuals	$ 401,087	$ -	$ 401,087
Congregations	46,519	2,500	49,019
Foundations	263,585	12,500	276,085
Corporations	1,135,512	130,000	1,265,512
Civic organizations	28,653	-	28,653
Government	175,581	-	175,581
Fundraising events	743,526	-	743,526
Sales, networks, and other income	560,276	-	560,276
Contributed services	307,397	-	307,397
Interest and dividends	43,947	-	43,947
Unrealized and realized loss on investments	(46,882)	-	(46,882)
Net assets released from restriction	121,494	(121,494)	-
Total Revenue and Other Support	3,780,695	23,506	3,804,201
Expenses:			
Program services	2,321,657	-	2,321,657
Management and general	174,945	-	174,945
Fundraising	330,931	-	330,931
Total Expenses	2,827,533	-	2,827,533
Changes in Net Assets	953,162	23,506	976,668
NET ASSETS:			
Beginning of Year	2,130,367	161,895	2,292,262
End of Year	$ 3,083,529	$ 185,401	$ 3,268,930

FAMILY PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries and related expenses	$ 1,194,226	$ 101,091	$ 199,565	$ 1,494,882
Facility rental and meals	37,745	3,195	6,307	47,247
Office supplies and expense	158,517	13,418	36,946	208,881
Utilities	22,333	1,891	3,732	27,956
Travel expenses	121,166	793	1,565	123,524
Insurance	20,455	1,732	3,418	25,605
Telephone	9,434	799	1,576	11,809
Professional fees and consultants	371,740	31,468	62,120	465,328
Rent expense	27,628	2,338	4,617	34,583
Interns and regional representatives	32,907	-	-	32,907
Manuals and merchandise	7,787	-	-	7,787
Van maintenance	6,406	-	-	6,406
Rental assistance	115,140	-	-	115,140
Emergency fund for families	62,447	-	-	62,447
Network grants and other donations	56,000	-	-	56,000
Bad debt	-	12,605	-	12,605
Childcare and daycenter	11,395	-	-	11,395
Investment fees	11,032	934	1,844	13,810
Total Expenses before Depreciation and Amortization	2,266,358	170,264	321,690	2,758,312
Depreciation and amortization	55,299	4,681	9,241	69,221
Total Expenses	$ 2,321,657	$ 174,945	$ 330,931	$ 2,827,533

FAMILY PROMISE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS PROVIDED BY (USED FOR):	
OPERATING ACTIVITIES:	
Changes in net assets	$ 976,668
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	69,221
Unrealized and realized losses on investments	46,882
Bad debt	12,605
Changes in operating assets and liabilities:	
Pledges receivable	26,720
Grants receivable	(71,707)
Accounts receivable	(11,247)
Prepaid expenses	(9,760)
Accounts payable and accrued expenses	25,886
Deferred revenue	(1,377)
Net Cash Provided by Operating Activities	1,063,891
INVESTING ACTIVITIES:	
Purchases of property and equipment	(13,808)
Purchases of investments	(1,436,752)
Proceeds from sale of investments	1,323,771
Net Cash Used for Investing Activities	(126,789)
NET INCREASE IN CASH AND CASH EQUIVALENTS	937,102
CASH AND CASH EQUIVALENTS:	
Beginning of year	651,672
End of year	$ 1,588,774

NOTE 1 - NATURE OF ORGANIZATION:

Family Promise, Inc. ("Organization"), organizes the development of community-based affiliate programs that serve children and families experiencing, and at risk of, homelessness through shelter, prevention services, and stabilization programs and provides ongoing support for these affiliates with the goal of empowering families to achieve and maintain their sustainable independence. Family Promise, Inc. provides technical assistance and expertise to a national network of more than 200 affiliate organizations in 43 states, mobilizing 200,000 volunteers and serving approximately 90,000 homeless family members each year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.
>
> Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Fair Value:
Fair value measurements are defined as the amount 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. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value: (Continued)
The fair value hierarchy defines the three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as: quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3: Valuations based on unobservable inputs used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The fair values of investments are as follows:

Mutual funds - Valued at the net asset value of shares held by the Organization at year-end.

Fixed income - Valued at quoted market prices of valuations provided by commercial pricing services or the mean of bid and ask prices provided by investment brokers.

Equity securities - Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Cash and Cash Equivalents:
The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts:
Management uses the allowance method for reserving against uncollectible receivables. The reserves are based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. At December 31, 2018, no allowance was deemed necessary.

Property and Equipment:
Property and equipment are stated at cost or fair value at the date of gift for donated assets. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment: (Continued)
Depreciation and amortization are provided under the straight-line method based upon the following estimated useful lives:

Description	Estimated Life
Leasehold improvements	5-20 years
Furniture and equipment	3-7 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments that extend the useful lives of the assets are capitalized.

Accounts Receivable:
The Organization charges uncollectible accounts receivable to an allowance for doubtful accounts after all reasonable efforts to collect such accounts have been applied. The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on management's evaluation of outstanding accounts receivable at the end of the year. At December 31, 2018, management deemed no allowance was necessary.

All accounts receivable are due within one year as of December 31, 2018.

Pledges Receivable:
Unconditional promises to give are recognized as revenue or gains in the period pledged and as assets or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable due in one year are recorded at their net realizable value. Pledges receivable due in more than one year are recorded at the present value of their net realizable value, utilizing a risk-free rate based on U.S. treasury notes.

Deferred Revenue:
The Organization records amounts received from funding sources in advance of performing the required services as deferred revenue.

Contributions:
Contributions that are restricted by a donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:
Funds received from various government agencies represent grants awarded to the Organization to provide program services. Revenue with respect to these awards is recognized to the extent of expenses incurred under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to the Organization.

Contributed Services:
Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Contributed services are recorded as contributions at their estimated fair value at the date of donation. The amount of contributed services for the year ended December 31, 2018, was $307,397.

Numerous unpaid volunteers have made significant contributions of their time in support of various program activities of the Organization; however, since the services do not require specialized skills, and do not enhance nonfinancial assets, no amounts have been reflected in these financial statements.

Functional Allocation of Expenses:
The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Costs that are not directly identifiable with a specific function have been allocated among the programs and supporting services according to the Organization's cost allocation procedures.

Salaries and related expenses are allocated based on time and effort. The other expenses that are allocated include facility rental and meals, office supplies and expense, utilities, travel, insurance, telephone, professional fees and consultants, rent, investment fees, and depreciation and amortization. These costs are allocated to support functions based on a percentage of total salaries. Interns and regional representatives, manuals and merchandise, van maintenance, rental assistance, emergency fund for families, network grants and other donations, and childcare and day center expenses are charged directly to programs. Bad debt is charged directly to management and general.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. No interest and penalties were recorded during the year ended December 31, 2018. At December 31, 2018, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements.

Use of Estimates:
In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Financial Statement Reporting for Not-for-Profit Entities:
The Organization adopted Financial Accounting Standards Board's ("FASB") *Presentation of Financial Statements of Not-for-Profit Entities in 2018*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for Board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Recent Accounting Pronouncements:
The FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date for the pronouncement is for periods beginning after December 15, 2018. It will be effective for the Organization for the year ended December 31, 2019. The Organization is currently evaluating the effect the new standard will have on the financial statements.

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The effective date for the pronouncement is for periods beginning after December 15, 2019. It will be effective for the Organization for the year ended December 31, 2020. The Organization is currently evaluating the effect the new standard will have on the financial statements.

Subsequent Events:
The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2018 through May 23, 2019, the date that the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following represents the Organization's financial assets at December 31, 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board that could be drawn upon if the Board of Trustees approves that action.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES: (Continued)

	2018
Cash and cash equivalents	$ 1,588,774
Pledges receivable, current	41,125
Grants receivable	95,121
Accounts receivable	129,036
Prepaid expenses	14,884
Level one investments	994,569
Total financial assets	2,863,509
Less amounts not available to be used within one year:	
Board-designated net assets	(1,049,909)
Net assets with donor restrictions	(185,401)
	1,235,310
Financial assets available to meet general expenditures over the next twelve months	$ 1,628,199

The Organization's goal, generally, is to maintain financial assets to meet 90 days of operating expenses, excluding depreciation and amortization (approximately $690,000). The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in level one investments, such as mutual funds and equities. The Organization also has additional Board-designated net assets of $409,267 invested in level two investments which are not included in the calculation above.

NOTE 4 - PLEDGES RECEIVABLE:

Pledges receivable are as follows:

	December 31, 2018
Pledges receivable in less than one year	$ 41,125
Pledges receivable in one to three years	2,900
Less: Discount to net present value	(142)
	$ 43,883

Pledges receivable in more than one year are discounted at 2.46% (three-year treasury rate) for the year ended December 31, 2018.

NOTE 5 - INVESTMENTS:

Investments are categorized as follows:

	Fair Value Measurements as of December 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 491,929	$ -	$ -	$ 491,929
Equities	502,640	-	-	502,640
Fixed income	-	409,267	-	409,267
Investments at Fair Value	$ 994,569	$ 409,267	$ -	$ 1,403,836

The following schedule summarizes investments by industry, strategy, or category as of December 31, 2018:

	Equities	**Mutual Funds**	**Fixed Income**
Industrials	5%	-	-
Basic materials	1%	-	-
Technology	24%	7%	-
Healthcare	21%	5%	-
Consumer cyclical	10%	3%	-
Financial services	11%	2%	-
Consumer defensive	8%	3%	-
Communication services	3%	1%	-
Energy	10%	1%	-
Real estate	5%	1%	-
Utilities	2%	1%	-
Large blend	-	12%	-
Small blend	-	2%	-
Large value	-	16%	-
Small value	-	1%	-
Large growth	-	10%	-
Small growth	-	8%	-
Managed futures	-	1%	-
Multi-alternatives	-	5%	-
Intermediate-term bond	-	21%	79%
Long-term bond	-	-	20%
Short-term bond	-	-	1%
Investments at Fair Value	100%	100%	100%

The cost basis of the Organization's investments is approximately $1,408,000.

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31, 2018
Leasehold improvements	$ 751,548
Office equipment and furniture	384,306
Website	45,140
Transportation equipment	43,192
	1,224,186
Less: Accumulated depreciation	(1,144,131)
Property and Equipment, Net	$ 80,055

NOTE 7 - LEASES:

The Organization rents space on the second floor of a facility in downtown Summit, New Jersey, under an operating lease. Under the lease agreement, the Organization was obligated to pay rent starting in February 1999, until such time as they occupied the premises. The Organization moved into the premises during the first quarter of 2000. In lieu of rent for the next 20 years, the Organization paid for the building renovations in the amount of $698,630 which are included in property and equipment on the statement of financial position. The leasehold improvements are being amortized over the life of the lease.

In June 2005, the Organization leased additional space on the first floor of the facility. The lease term is 15 years, the balance of the original 20-year lease for the second floor. The lease agreement expired on December 31, 2018, and the Organization is in the process of negotiating the terms of the lease renewal. Rent expense for the year ended December 31, 2018, amounted to $34,583.

NOTE 7 - LEASES: (Continued)

The Organization also leases space for its Family Promise – Union County Program in a church in Elizabeth, New Jersey. The term of the lease was from January 1, 2013 to December 31, 2017. In consideration of the cost of the renovations made by the Organization in the amount of $52,918, the Organization will occupy the leased premises rent-free. The Organization was obligated to pay $1,500 per month for utilities. The Organization is currently in the process of negotiating the lease renewal.

A portion of the first floor is subleased to another organization on an annual basis. Rental income for the year ended December 31, 2018, amounted to $16,368 and is included in other income on the statement of activities and changes in net assets. The subtenant also reimburses the Organization for utilities as per the sublease agreement. The sublease expired on December 31, 2018 and the Organization is in the process of negotiating the lease renewal.

NOTE 8 - BOARD-DESIGNATED NET ASSETS:

As of December 31, 2018, Board-designated endowment net assets are comprised of the following:

	Net Assets Without Donor Restrictions
Endowment Net Assets, Beginning of year	$ 1,384,673
Investment return:	
Investment income	38,043
Investment fees	(13,810)
Unrealized and realized loss on investments	(46,882)
Total Investment Loss	(22,649)
Contributions	97,152
Appropriation for expenditure	-
Endowment Net Assets, End of year	$ 1,459,176

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are comprised of the following:

	December 31, 2018
Family Promise – Lake Houston	$ 35,000
Family Promise – Greater Ft. Hood	15,000
Family Promise – Union County	9,460
Housing transitional grant	100,000
Housing for Change Marketing	8,041
Time restrictions	2,900
Housing locator	2,500
Trauma informed pilot program	12,500
Total Net Assets With Donor Restrictions	$ 185,401

NOTE 10 - RETIREMENT PLAN:

The Organization has a 403(b) Annuity Plan with an insurance company. An employee becomes a participant in the elective deferral portion of the Plan on his/her first day of employment with the employer. The participant is eligible for the matching and nonelective contribution after 12 months of employment. The participant is 100% vested after 12 months of employment. The Organization's contribution for the year ended December 31, 2018, was $29,073 and is included in salaries and related expenses on the statement of functional expenses.

NOTE 11 - CONCENTRATIONS:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Cash equivalents and investments are maintained with investment firms. Exposure to credit risk is reduced by placing such deposits and investments in high-quality financial institutions.

One source represented 30% of the Organization's total revenue for the year ending December 31, 2018.

NOTE 12 - TAXES:

All required tax returns have been timely filed and taxes (including, but not limited to, payroll taxes) were either paid prior to December 31, 2018, or paid subsequent to year-end.

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

Federal Grantor Pass-through Grantor Program Title	**Federal CFDA**	**Grant Period**	**Pass-through Grantor's Number**	**Award Amount**	**Expenditures**
United States Department of Housing and Urban Development					
Passed through:					
Union County Department of Human Services					
HEARTH Emergency Solutions (HES) Grant	14.231	08/01/17-10/31/18	17-HES-103	$ 71,043	$ 71,043
HEARTH Emergency Solutions (HES) Grant	14.231	12/15/17-06/30/18	17-HES-103	16,490	16,490
HEARTH Emergency Solutions (HES) Grant	14.231	08/01/18-07/31/19	18-HES-103	33,006	2,897
					90,430
Passed through:					
Union County Department of Human Services					
Community Development Block Grant (CDBG)	14.218	09/01/17-08/31/18	017-219	9,000	2,796
Community Development Block Grant (CDBG)	14.218	09/01/18-08/31/19	018-219	8,000	7,864
					10,660
United States Department of Health and Human Services					
Passed through:					
NJ Department of Community Affairs					
Union County Department of Human Services					
Community Service Block Grant (CSBG)	93.569	01/01/18-12/31/18	18-CSB-102	32,290	32,290

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

Federal Grantor Pass-through Grantor Program Title	Federal CFDA	Grant Period	Pass-through Grantor's Number	Award Amount	Expenditures
United States Department of Homeland Security					
Federal Emergency Management Agency					
Passed through:					
United Way of Greater Union County					
Emergency Food and Shelter Program	97.024	02/01/18-01/31/19	N/A	23,157	23,157
Total Federal Awards					**$ 156,537**

See independent auditors' report and notes to schedules of expenditures of federal and state awards.

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2018

State Grantor Program Title	Grant Period	Grant Number	Award Amount	Expenditures
New Jersey Department of State				
Office of Faith Based Initiatives Social Innovation				
Good Tenant Program	07/01/17-06/30/18	OFBI18DSP-025	$ 10,000	$ 7,741
Total State Awards				**$ 7,741**

See independent auditors' report and notes to schedules of expenditures of federal and state awards.

FAMILY PROMISE, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Family Promise, Inc. and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2018, the Organization did not provide any funds relating to their federal and state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

During the year ended December 31, 2018, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to its federal and state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2018, the Organization did not have any loan or loan guarantee programs.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Family Promise, Inc.
Summit, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Family Promise, Inc. ("Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
May 23, 2019

FAMILY PROMISE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

I. Summary of Auditors' Results

Financial Statements

The auditors' report issued on the financial statements of Family Promise, Inc. was unmodified.

Internal control over financial reporting:

• Material weaknesses identified?	______ Yes	__X__ No
• Significant deficiencies identified that are not considered to be material weaknesses?	______ Yes	__X__ No
Noncompliance material to financial statements noted?	______ Yes	__X__ No