

# **FAMILY PROMISE, INC.**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

# **FAMILY PROMISE, INC.**

DECEMBER 31, 2020

## CONTENTS

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements.....	7-17
Supplementary Information:	
Schedule of Expenditures of Federal Awards .....	18-19
Notes to Schedule of Expenditures of Federal Awards .....	20
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 <i>Government Auditing Standards</i> .....	21-22
Schedule of Findings and Questioned Costs.....	23

## **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, 2020, 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, 2020, 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.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 18-19, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 April 27, 2021, 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  
April 27, 2021



**FAMILY PROMISE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

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**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,591,813
Grants receivable	189,701
Contributions receivable	591,577
Prepaid expenses and other current assets	21,278
Investments	<u>1,837,581</u>
Total Current Assets	<u>7,231,950</u>

Property and equipment, net	<u>59,477</u>
	<u><u>\$ 7,291,427</u></u>

**LIABILITIES AND NET ASSETS**

LIABILITIES:

Accounts payable and accrued expenses	\$ 137,971
Deferred revenue	<u>500</u>
Total Current Liabilities	<u>138,471</u>

NET ASSETS:

Net assets without donor restrictions	4,641,552
Board-designated endowment	<u>1,887,129</u>
Total net assets without donor restrictions	<u>6,528,681</u>
Net assets with donor restrictions	<u>624,275</u>
Total Net Assets	<u>7,152,956</u>
	<u><u>\$ 7,291,427</u></u>

**FAMILY PROMISE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support:			
Individuals	\$ 1,748,077	\$ -	\$ 1,748,077
Congregations	99,833	-	99,833
Foundations	463,320	695,000	1,158,320
Corporations	2,892,893	-	2,892,893
Civic organizations	16,717	-	16,717
Government grants	754,789	-	754,789
Fundraising events	15,565	-	15,565
Sales, networks, and other income	588,526	-	588,526
Contributed goods and services	798,803	-	798,803
Interest and dividends	46,012	-	46,012
Unrealized and realized gain on investments	135,780	-	135,780
Net assets released from restriction	785,125	(785,125)	-
Total Revenue and Other Support	8,345,440	(90,125)	8,255,315
Expenses:			
Program services	4,613,815	-	4,613,815
Management and general	300,871	-	300,871
Fundraising	268,326	-	268,326
Total Expenses	5,183,012	-	5,183,012
Changes in Net Assets	3,162,428	(90,125)	3,072,303
NET ASSETS:			
Beginning of Year	3,366,253	714,400	4,080,653
End of Year	\$ 6,528,681	\$ 624,275	\$ 7,152,956

**FAMILY PROMISE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and related expenses	\$ 1,641,976	\$ 212,347	\$ 197,108	\$ 2,051,431
Facility rental and meals	11,900	-	-	11,900
Office supplies and expense	153,878	19,902	18,518	192,298
Utilities	19,134	2,474	2,297	23,905
Travel expenses	29,558	1,910	1,772	33,240
Insurance	24,912	3,222	2,991	31,125
Telephone	14,843	1,920	1,782	18,545
Professional fees and consultants	230,317	29,784	27,648	287,749
Rent expense	62,553	8,090	7,509	78,152
Interns and regional representatives	21,650	1,380	1,281	24,311
Manuals and merchandise	2,008	-	-	2,008
Transportation	31,168	113	105	31,386
Rental assistance	307,445	-	-	307,445
Emergency fund for families	748,889	-	-	748,889
Network grants and other donations	1,246,500	-	-	1,246,500
Technology	47,629	6,160	5,718	59,507
Training	3,227	-	-	3,227
Bad debt	-	11,849	-	11,849
Childcare and daycenter	2,926	-	-	2,926
Total Expenses before Depreciation and Amortization	4,600,513	299,151	266,729	5,166,393
Depreciation and amortization	13,302	1,720	1,597	16,619
Total Expenses	\$ 4,613,815	\$ 300,871	\$ 268,326	\$ 5,183,012

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

**FAMILY PROMISE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

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CASH FLOWS PROVIDED BY:

OPERATING ACTIVITIES:

Changes in net assets	\$ 3,072,303
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	16,619
Unrealized and realized losses on investments	(135,780)
Bad debt	11,849
Changes in operating assets and liabilities:	
Pledges receivable	(11,849)
Grants receivable	(81,423)
Accounts receivable	(213,267)
Prepaid expenses	5,749
Accounts payable and accrued expenses	43,908
Net Cash Provided by Operating Activities	<u>2,708,109</u>

INVESTING ACTIVITIES:

Purchases of property and equipment	(48,713)
Purchases of investments	(1,029,921)
Proceeds from sale of investments	985,716
Net Cash Used for Investing Activities	<u>(92,918)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,615,191

CASH AND CASH EQUIVALENTS:

Beginning of year	<u>1,976,622</u>
End of year	<u><u>\$ 4,591,813</u></u>

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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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 120,000 homeless family members each year.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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***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, 2020, 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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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***Property and Equipment: (Continued)***

Depreciation and amortization are provided under the straight-line method based upon the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Leasehold improvements	5-20 years
Furniture and equipment	3-7 years

The Organization's policy is to capitalize expenditures above \$3,000 per item. 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, 2020, no allowance was deemed necessary.

All accounts receivable are due within one year as of December 31, 2020.

***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. Conditional contributions are not recognized as revenue until the conditions are met.

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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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***Revenue Recognition:***

The Organization derives the affiliate revenue (included in from sales, networks, and other income) primarily through providing branding rights with similar organizations. Revenues are recognized when control of these rights are transferred to the Organization's affiliates in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those products. The affiliate agreements typically require the affiliate to pay continuing fees on an annual basis based upon a percentage of the affiliate's prior year's operating budget. For performance obligation related to affiliate fees, control transfers to the customer over time as the customer simultaneously receives and consumes the branding rights over the year. There are no significant financing components or variable considerations as part of the transaction price nor incurred in relation to completing the performance obligation.

***Contributed Goods and Services:***

Amounts are reported in the financial statements for voluntary donations of goods and services. Services that 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 goods and services are recorded as contributions at their estimated fair value at the date of donation. The amount of contributed goods and services for the year ended December 31, 2020, was \$798,803.

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.

***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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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***Income Taxes: (Continued)***

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, 2020. At December 31, 2020, 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.

***Recent Accounting Pronouncements:***

The Financial Accounting Standards Board 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, 2021. It will be effective for the Organization for the year ended December 31, 2022. 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, 2020 through April 27, 2021, the date that the financial statements were available to be issued.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:**

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The following represents the Organization's financial assets at December 31, 2020, 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 of Trustees that could be drawn upon if the Board approves that action.

	<b>2020</b>
Cash and cash equivalents	\$ 4,591,813
Grants receivable	189,701
Contributions receivable	591,577
Level one investments	1,837,581
Total financial assets	<u>7,210,672</u>
Less amounts not available to be used within one year:	
Board-designated net assets	(1,887,129)
Net assets with donor restrictions	<u>(624,725)</u>
	<u>(2,511,854)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,698,818</u>

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 \$1,887,129 which can be released with approval by the Board of Trustees. Included in Board-designated net assets are \$421,153 in level two investments.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 4 - INVESTMENTS:**

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Investments are categorized as follows:

	<b>Fair Value Measurements as of December 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds	\$ 591,505	\$ -	\$ -	\$ 591,505
Equities	824,923	-	-	824,923
Fixed income	-	421,153	-	421,153
Investments at Fair Value	<u>\$ 1,416,428</u>	<u>\$ 421,153</u>	<u>\$ -</u>	<u>\$ 1,837,581</u>

The cost basis of the Organization's investments is approximately \$1,529,000.

**NOTE 5 - PROPERTY AND EQUIPMENT:**

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Property and equipment consists of the following:

	<b>December 31, 2020</b>
Leasehold improvements	\$ 751,548
Office equipment and furniture	391,676
Website	45,140
Transportation equipment	84,535
	<u>1,272,899</u>
Less: Accumulated depreciation	<u>(1,213,422)</u>
Property and Equipment, Net	<u>\$ 59,477</u>

**NOTE 6 - COMMITMENTS AND CONTINGENCIES:**

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***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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 6 - COMMITMENTS AND CONTINGENCIES: (Continued)**

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***Leases: (Continued)***

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 agreements expired on December 31, 2019, and the original security deposit was refunded to the Organization in 2020. The Organization transferred their purchasing rights to another nonprofit organization that purchased the building in February 2020. A Board member of the Organization is also the President of the nonprofit organization that purchased the building. The two organizations are therefore considered related parties. The Organization occupied the space rent free for the remainder of 2020. Rent expense, including donated rent, for the year ended December 31, 2020, amounted to \$78,152.

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 continues to occupy the leased premises rent-free. The Organization was obligated to pay \$1,500 per month for utilities. The Organization is currently paying month- to-month in utilities expenses and is in the process of negotiating the lease renewal.

***Risks and Other Uncertainties:***

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on our employees, volunteers, donors, consumers, and operations. While we do not expect that the virus will have a material adverse effect on our operations or financial results at this time, we are unable to predict the impact that COVID-19 will have due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 7 - BOARD-DESIGNATED NET ASSETS:**

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As of December 31, 2020, Board-designated endowment net assets are comprised of the following:

	<b>Net Assets Without Donor Restrictions</b>
Endowment Net Assets, Beginning of year	\$ 1,711,715
Investment return:	
Investment income	46,012
Investment fees	(12,831)
Unrealized and realized gain on investments	143,825
Total Investment Gain	177,006
Contributions	-
Appropriation for expenditure	(1,592)
Endowment Net Assets, End of year	\$ 1,887,129

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:**

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Net assets with donor restrictions are comprised of the following:

	<b>December 31, 2020</b>
Florida affiliate programming	\$ 25,000
New Jersey affiliate programming	10,000
Family Promise – Greater Ft. Hood	15,000
Housing transitional grant	3,815
Housing for Change Marketing	15,460
Affiliate grants	20,000
Synchrony Foundation	500,000
Volunteer management tool	20,000
Future Begins at Home	15,000
Total Net Assets With Donor Restrictions	\$ 624,275

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)**

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Net assets with donor restrictions released from restriction were as follows:

	<b>Year Ended December 31, 2020</b>
Florida affiliate programming	\$ 25,000
New Jersey affiliate programming	40,000
Housing for Change Marketing	3,165
Family Promise – Union County	9,460
Housing locator	2,500
Housing transitional grant	60,000
Affiliate grants	30,000
Synchrony Foundation	600,000
Equipment purchases	15,000
Total Net Assets With Donor Restrictions	<u>\$ 785,125</u>

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**NOTE 9 - RETIREMENT PLAN:**

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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, 2020, was \$54,121 and is included in salaries and related expenses on the statement of functional expenses.

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**NOTE 10 - CONCENTRATIONS:**

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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.

At December 31, 2020, approximately 58% of the accounts receivable balance was due from one customer.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE 11 - FUNCTIONAL EXPENSES:**

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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.

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**NOTE 12 - TAXES:**

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All required tax returns have been timely filed and taxes (including, but not limited to, payroll taxes) were either paid prior to December 31, 2020, or paid subsequent to year-end.

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**NOTE 13 - PAYCHECK PROTECTION PROGRAM LOAN:**

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The Organization obtained a Paycheck Protection Program ("PPP") loan under the CARES Act in April 2020 for \$357,100, as well as an Economic Injury Disaster Loan ("EIDL") for \$10,000. The loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. The Organization applied for and received full forgiveness of the PPP loan in December 2020.

The Organization repaid the EIDL to the issuing bank in December 2020. The Organization was refunded this amount subsequent to December 31, 2020, based on the criteria for forgiveness.

**FAMILY PROMISE, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor Pass-through Grantor Program Title</b>	<b>Federal CFDA</b>	<b>Grant Period</b>	<b>Pass-through Grantor's Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
<b>United States Department of Housing and Urban Development</b>					
<u>Passed through:</u>					
Union County Department of Human Services HEARTH Emergency Solutions (HES) Grant	14.231	08/01/19-07/31/20	20-HES-103	\$ 45,006	\$ 23,533
<u>Passed through:</u>					
NJ Department of Community Affairs			2020-02149-0078-00		
Shelter Support 2020	14.231	12/01/19-06/30/21		50,070	<u>30,000</u>
					<u>53,533</u>
<u>Passed through:</u>					
Union County Department of Human Services Community Development Block Grant (CDBG) CARES Act Grant	14.218	09/01/20-08/31/21	CV019-800	450,000	<u>102,674</u>
<b>United States Department of Health and Human Services</b>					
<u>Passed through:</u>					
NJ Department of Community Affairs					
Union County Department of Human Services					
Community Service Block Grant (CSBG)	93.569	01/01/19-03/31/20	19-CSB-102	32,290	5,677
Community Service Block Grant (CSBG)	93.569	01/01/20-12/31/20	20-CSB-102	32,620	<u>32,620</u>
					<u>38,297</u>

*See independent auditors' report and notes to schedule of expenditures of federal awards.*

**FAMILY PROMISE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor Pass-through Grantor Program Title</b>	<b>Federal CFDA</b>	<b>Grant Period</b>	<b>Pass-through Grantor's Number</b>	<b>Award Amount</b>	<b>Expenditures</b>
<b>United States Department of Homeland Security Federal Emergency Management Agency</b>					
<u>Passed through:</u>					
United Way of Greater Union County					
Emergency Food and Shelter Program	97.024	08/15/19-02/28/20	N/A	30,600	7,500
Emergency Food and Shelter Program	97.024	06/01/20-04/30/21	N/A	12,000	12,000
Emergency Food and Shelter Program (CARES)	97.024	06/01/20-04/30/21	N/A	30,100	21,575
					<u>41,075</u>
<b>Total Federal Awards</b>					<b>\$ <u>235,579</u></b>

**FAMILY PROMISE, INC.**  
**NOTES TO SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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The accompanying schedule of expenditures of federal awards includes the federal grant activity of Family Promise, Inc. and is presented on the accrual basis of accounting. The information in this schedule 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 - SUBRECIPIENTS:**

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During the year ended December 31, 2020, the Organization did not provide any funds relating to their federal programs to subrecipients.

**NOTE 3 - INDIRECT COSTS:**

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During the year ended December 31, 2020, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to its federal programs.

**NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:**

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As of December 31, 2020, the Organization did not have any loan or loan guarantee programs.

## **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***

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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, 2020, 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 April 27, 2021.

### **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  
April 27, 2021

**FAMILY PROMISE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2020**

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**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