

FAMILY PROMISE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FAMILY PROMISE, INC.

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of 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, 2021, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Promise, Inc. as of December 31, 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 19-21, as required by 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 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 schedules of expenditures of federal and state awards are 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 29, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Organization's 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.

Livingston, New Jersey
April 29, 2022

Sobel & Co, LLC

Certified Public Accountants



FAMILY PROMISE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,820,332
Grants receivable	347,808
Contributions receivable	291,239
Prepaid expenses and other current assets	63,117
Investments	2,108,078
Total Current Assets	<u>7,630,574</u>

Property and equipment, net	<u>48,350</u>
	<u><u>\$ 7,678,924</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable and accrued expenses	\$ 227,949
Deferred revenue	500
Total Current Liabilities	<u>228,449</u>

NET ASSETS:

Net assets without donor restrictions	5,003,878
Board-designated endowment	2,166,499
Total net assets without donor restrictions	<u>7,170,377</u>
Net assets with donor restrictions	280,098
Total Net Assets	<u>7,450,475</u>
	<u><u>\$ 7,678,924</u></u>

FAMILY PROMISE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Individuals	\$ 1,700,413	\$ 24,797	\$ 1,725,210
Congregations	72,450	20,030	92,480
Foundations	339,703	390,000	729,703
Corporations	1,486,770	475,306	1,962,076
Civic organizations	2,858	-	2,858
Government grants	863,298	-	863,298
Sales, networks, and other income	604,140	-	604,140
Contributed goods and services	632,120	-	632,120
Interest and dividends	46,981	-	46,981
Unrealized and realized gain on investments	233,468	-	233,468
Loss on disposal	(8,980)	-	(8,980)
Net assets released from restriction	1,254,310	(1,254,310)	-
Total Revenue and Other Support	7,227,531	(344,177)	6,883,354
Expenses:			
Program services	5,980,185	-	5,980,185
Management and general	315,154	-	315,154
Fundraising	290,496	-	290,496
Total Expenses	6,585,835	-	6,585,835
Changes in Net Assets	641,696	(344,177)	297,519
NET ASSETS:			
Beginning of Year	6,528,681	624,275	7,152,956
End of Year	\$ 7,170,377	\$ 280,098	\$ 7,450,475

FAMILY PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and related expenses	\$ 2,156,084	\$ 244,348	\$ 221,591	\$ 2,622,023
Facility rental and meals	12,559	-	-	12,559
Office supplies and expense	151,975	17,221	20,376	189,572
Utilities	21,405	2,426	2,200	26,031
Travel expenses	34,025	141	128	34,294
Insurance	17,154	1,944	1,763	20,861
Telephone	15,232	1,727	1,565	18,524
Professional fees and consultants	295,426	30,857	27,983	354,266
Rent expense	60,971	6,910	6,266	74,147
Interns and regional representatives	45,584	-	-	45,584
Transportation	44,133	-	-	44,133
Rental assistance	549,200	-	-	549,200
Emergency fund for families	788,998	-	-	788,998
Network grants and other donations	1,685,310	-	-	1,685,310
Technology	69,340	7,859	7,127	84,326
Training	9,170	-	-	9,170
Bad debt	-	71	-	71
Childcare and daycenter	9,055	-	-	9,055
Total Expenses before Depreciation and Amortization	5,965,621	313,504	288,999	6,568,124
Depreciation and amortization	14,564	1,650	1,497	17,711
Total Expenses	\$ 5,980,185	\$ 315,154	\$ 290,496	\$ 6,585,835

FAMILY PROMISE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS PROVIDED BY:

OPERATING ACTIVITIES:

Changes in net assets	\$ 297,519
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	17,711
Unrealized and realized gains on investments	(233,468)
Bad debt	71
Loss on disposal	8,980
Changes in operating assets and liabilities:	
Grants receivable	(158,178)
Accounts receivable	300,338
Prepaid expenses	(41,839)
Accounts payable and accrued expenses	89,978
Net Cash Provided by Operating Activities	<u>281,112</u>

INVESTING ACTIVITIES:

Purchases of property and equipment	(15,564)
Purchases of investments	(581,414)
Proceeds from sale of investments	544,385
Net Cash Used for Investing Activities	<u>(52,593)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 228,519

CASH AND CASH EQUIVALENTS:

Beginning of year	<u>4,591,813</u>
End of year	<u>\$ 4,820,332</u>

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 120,000 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.

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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, 2021

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:

<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, 2021, no allowance was deemed necessary.

All accounts receivable are due within one year as of December 31, 2021.

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, 2021

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

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 are reported. 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, 2021, was \$632,120.

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.

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, 2021. At December 31, 2021, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements.

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

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 or a cumulative-effect adjustment transition approach may be used, 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, 2021, through April 29, 2022, the date that the financial statements were available to be issued.

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following represents the Organization's financial assets at December 31, 2021, 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.

	2021
Cash and cash equivalents	\$ 4,820,332
Grants receivable	347,808
Contributions receivable	291,239
Investments	2,108,078
Total financial assets	<u>7,567,457</u>
Less amounts not available to be used within one year:	
Board-designated net assets	(2,166,499)
Net assets with donor restrictions	<u>(280,098)</u>
	<u>(2,446,597)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 5,120,860</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 \$2,166,499, which can be released with approval by the Board of Trustees. Included in Board-designated net assets are \$413,942 in level two investments.

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 - INVESTMENTS:

Investments are categorized as follows:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 670,882	\$ -	\$ -	\$ 670,882
Equities	1,023,254	-	-	1,023,254
Fixed income	-	413,942	-	413,942
Investments at Fair Value	<u>\$ 1,694,136</u>	<u>\$ 413,942</u>	<u>\$ -</u>	<u>\$ 2,108,078</u>

The cost basis of the Organization's investments is approximately \$1,657,000.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31, 2021
Leasehold improvements	\$ 751,548
Office equipment and furniture	395,414
Website	45,140
Transportation equipment	84,535
	<u>1,276,637</u>
Less: Accumulated depreciation	<u>(1,228,287)</u>
Property and Equipment, Net	<u>\$ 48,350</u>

NOTE 6 - COMMITMENTS AND CONTINGENCIES:

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, 2021

NOTE 6 - COMMITMENTS AND CONTINGENCIES: (Continued)

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 throughout 2021. Rent expense, including donated rent, for the year ended December 31, 2021, amounted to \$74,147.

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 employees, volunteers, donors, consumers, and operations. While the Organization does not expect that the virus will have a material adverse effect on operations or financial results at this time, the Organization is 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, 2021

NOTE 7 - BOARD-DESIGNATED NET ASSETS:

As of December 31, 2021, Board-designated endowment net assets comprised the following:

	Net Assets Without Donor Restrictions
Endowment Net Assets, Beginning of Year	<u>\$ 1,887,129</u>
Investment return:	
Investment income	43,521
Investment fees	(16,104)
Unrealized and realized gain on investments	<u>251,953</u>
Total Investment Gain	<u>279,370</u>
Contributions	<u>-</u>
Appropriation for expenditure	<u>-</u>
Endowment Net Assets, End of Year	<u><u>\$ 2,166,499</u></u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions comprised the following:

	December 31, 2021
Florida affiliate programming	\$ 25,000
New Jersey affiliate programming	10,000
California affiliate programming	6,250
Family Promise – Greater Ft. Hood	15,000
Housing for Change Marketing	13,204
Affiliate grants	13,750
Hurricane Ida relief	66,894
Family wellness counseling and workshops	30,000
Credit repair staff training	75,000
Future Begins at Home	<u>25,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 280,098</u></u>

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

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

	Year Ended December 31, 2021
Florida affiliate programming	\$ 25,000
New Jersey affiliate programming	40,000
California affiliate programming	18,750
Housing for Change Marketing	2,256
Hurricane Ida relief	23,239
NJ Pandemic Relief Fund	250,000
Housing transitional grant	3,815
Affiliate grants	356,250
Volunteer management tool	20,000
Synchrony Foundation	500,000
Future Begins at Home	15,000
Total Net Assets Released from Restrictions	<u>\$ 1,254,310</u>

NOTE 9 - 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, 2021, was \$66,615 and is included in salaries and related expenses on the statement of functional expenses.

NOTE 10 - 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.

At December 31, 2021, approximately 46% of the accounts receivable balance was due from two customers.

FAMILY PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 - FUNCTIONAL 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 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, 2021, or paid subsequent to year-end.

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

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					
<u>Passed through:</u>					
Union County Department of Human Services					
HEARTH Emergency Solutions (HES)					
CARES Act Grant	14.231	03/09/20-07/31/22	20-HESC-103	\$ 337,179	\$ 168,188
<u>Passed through:</u>					
NJ Department of Community Affairs					
Shelter Support 2020	14.231	12/01/19-06/30/21	2020-02149-0078-00	50,070	20,070
					<u>188,258</u>
<u>Passed through:</u>					
Union County Department of Human Services					
Division of Community Services					
Community Development Block Grant (CDBG)					
CARES Act Grant	14.218	09/01/20-08/31/21	CV019-800	450,000	347,326
Community Development Block Grant (CDBG)	14.218	09/01/20-08/31/21	020-219	8,000	8,000
Community Development Block Grant (CDBG)	14.218	09/01/21-08/31/22	021-219	8,000	4,456
					<u>359,782</u>

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Federal Grantor Pass-through Grantor Program Title	Federal CFDA	Grant Period	Pass-through Grantor's Number	Award Amount	Expenditures
United States Department of Health and Human Services					
<u>Passed through:</u>					
NJ Department of Community Affairs					
Union County Department of Human Services					
Community Service Block Grant (CSBG)					
CARES Act Grant	93.569	04/01/20-07/31/22	20-CSB-102	97,875	61,792
Community Service Block Grant (CSBG)	93.569	01/01/21-12/31/21	21-CSB-100	32,620	32,620
					<u>94,412</u>
United States Department of Homeland Security Federal Emergency Management Agency					
<u>Passed through:</u>					
United Way of Greater Union County					
Emergency Food and Shelter Program (CARES)	97.024	06/01/20-04/30/21	N/A	30,100	8,525
Total Federal Awards					<u><u>\$ 650,977</u></u>

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

State Grantor		Pass-through		
Pass-through Grantor		Grantor's	Award	
Program Title	Grant Period	Number	Amount	Expenditures
New Jersey Department of Human Services				
<u>Passed through:</u>				
Union County Department of Human Services				
Social Services for the Homeless Grant (SSH)	01/01/21-12/31/21	21-SSH-103	\$ 17,250	\$ <u>17,250</u>
Total State Awards				\$ <u>17,250</u>

FAMILY PROMISE, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

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 is 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, 2021, the Organization did not provide any funds relating to their federal or state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

During the year ended December 31, 2021, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to its federal or state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2021, 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*

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, 2021, 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 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) as a basis for designing 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.

Report on 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.

Livingston, New Jersey
April 29, 2022

Sobel & Co, LLC
Certified Public Accountants

FAMILY PROMISE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

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