

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK
OF GLOUCESTER COUNTY, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016
TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Promise Interfaith Hospitality
Network of Gloucester County, Inc.
206 Ellis Street
Glassboro, NJ 08028

We have audited the accompanying financial statements of Family Promise Interfaith Hospitality Network of Gloucester County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities, 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.

Auditor's 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. 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Interfaith Hospitality Network of Gloucester County, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant

August 24, 2017

FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current assets:		
Cash and cash equivalents	\$	125,029
Other assets		220
Total current assets		<u>125,248</u>
Non-current assets:		
Property, plant, and equipment, net		<u>32,722</u>
Total assets	\$	<u><u>157,970</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Payroll liabilities	\$	1,117
Total current liabilities		<u>1,117</u>
Net assets:		
Unrestricted		156,437
Temporarily restricted		417
Total net assets		<u>156,854</u>
Total liabilities and net assets	\$	<u><u>157,970</u></u>

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

FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDING DECEMBER 31, 2016

Changes in unrestricted net assets:	
Revenues, gains, and other support:	
Donations	\$ 163,169
Grants	20,000
Fundraising income	58,358
Rental income	5,500
Other income	477
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Total unrestricted revenues, gains, and other support	247,504
Temporarily restricted net assets released from restrictions	28,083
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Total unrestricted revenues	275,587
Expenses:	
Program services:	
Hospitality network	105,575
Support services:	
Management and general	3,474
Fundraising	10,763
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Total expenses	119,812
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Increase (decrease) in unrestricted net assets	155,775
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Changes in temporarily restricted net assets:	
Revenues, gains, and other support:	
Grants	28,500
Temporarily restricted net assets released from restrictions	(28,083)
	<hr/>
Increase (decrease) in temporarily restricted net assets	417
Increase (decrease) in net assets	156,192
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Net assets at beginning of year	662
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Net assets at end of year	<u>\$ 156,854</u>

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

FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Support Services		Total
	Hospitality Network	Management and General	Fundraising	
Assistance to guests	\$ 2,300			\$ 2,300
Auto expense	1,620			1,620
Bank expenses			\$ 1,827	1,827
Business expenses	1,795	\$ 378		2,173
Computer software and support	70			70
Contract services	278	700		978
Depreciation expense	2,408			2,408
Donations	419			419
Facilities and equipment	2,747			2,747
Family center expenses	139			139
Fundraising			8,936	8,936
Insurance	13,635			13,635
Interest	282			282
Miscellaneous	165			165
Office supplies	238			238
Payroll expenses	45,529	2,396		47,925
Postage and delivery	856			856
Printing and copying	1,865			1,865
Other program expenses	161			161
Rent	14,400			14,400
Subscriptions, dues, fees	1,554			1,554
Telephone and internet	4,065			4,065
Travel and meetings	1,739			1,739
Utilities	9,309			9,309
	<u>\$ 105,575</u>	<u>\$ 3,474</u>	<u>\$ 10,763</u>	<u>\$ 119,812</u>

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

FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

Cash flows from operating activities:	
Change in net assets	\$ 156,192
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,408
(Increase) decrease in operating assets:	
Other assets	339
Increase (decrease) in operating liabilities:	
Payroll liabilities	<u>(175)</u>
Net cash provided (used) by operating activities	<u>158,763</u>
Cash flows from investing activities:	
Equipment acquisitions	<u>(34,875)</u>
Net cash provided (used) by investing activities	<u>(34,875)</u>
Cash flows from financing activities:	
Principal payments of loan	<u>(9,865)</u>
Net cash provided (used) by investing activities	(9,865)
Net increase (decrease) in cash and cash equivalents	114,023
Cash and cash equivalents at beginning of year	<u>11,005</u>
Cash and cash equivalents at end of year	<u><u>\$ 125,029</u></u>
Supplemental disclosures:	
Income taxes paid	<u>None</u>
Interest paid	<u><u>\$ 282</u></u>

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

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Family Promise Interfaith Hospitality Network of Gloucester County, Inc. (the Organization) provides homeless families an opportunity to achieve stability by providing shelter, food, case management, and hospitality, while simultaneously utilizing resources within local congregations and the community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Organization has adopted Statements of FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

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

Unrestricted Net Assets – net assets that are not subject to donor imposed restrictions.

Temporarily Restricted Net Assets – net assets that are subject to donor imposed timing or purpose restrictions that must be met prior to their use.

Permanently Restricted Net Assets – net assets subject to donor imposed timing or other legal restrictions requiring maintenance of the principal in perpetuity. In general, the donors permit the Organization to use all or part of the income earned for general purposes or purposes specified by the donors.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit with banks. Restricted cash and cash equivalents are limited in use to payment of donor restrictions.

Property, Plant, and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. 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 over the donated or acquired assets' useful life. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment (Continued)

Expenditures for property, equipment, and improvements are capitalized at cost. Ordinary repairs and maintenance are charged to expense when incurred. At the time property, plant, and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation are adjusted, and any gain or loss on disposal is included in the statement of changes in net assets. These assets are depreciated over their useful life as outlined in applicable federal classes of assets.

Contributions & Revenue Recognition

The Organization has adopted FASB ASC 958, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restriction. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

In-Kind Contributions and Contributed Services and Materials

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in programs and fundraising events. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition under FASB ASC 958, *Accounting for Contributions Received and Contributions Made*.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In addition, expenses have been specifically charged to the grants and contracts in accordance with their terms and conditions.

Taxes

All required tax returns have been filed and all taxes (including but not limited to payroll taxes) have been paid.

Accounting for Uncertainty in Income Taxes

The Organization has qualified as a charitable nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been included in the accompanying financial statements. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no net unrelated business income tax for the year ended December 31, 2016.

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes (Continued)

Management evaluated the Organization's tax position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Consequently, no accrual for interest and penalties was deemed necessary for the year ended December 31, 2016. The Organization files tax returns in the U.S. Federal jurisdiction. Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years prior to December 31, 2013.

Use of Estimates

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

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Cash and Cash Equivalents – The carrying amount reported in the statement of financial position approximates fair value.

Recent Issued Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-2, Leases (Topic 842). The FASB is issuing this update to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This update affects any entity that enters into a lease, with some specified scope exemptions. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The adoption of this amendment is not expected to have a material impact on the financial condition or results of operations.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958). The FASB is issuing this update to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The adoption of this amendment is not expected to have a material impact on the financial condition or results of operations.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-15, Statement of Cash Flows (Topic 230). The FASB is issuing this update to address specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments in this update apply to all entities, including both business entities and not-for-profit entities that are required to present a statement of cash flows under Topic 230. The amendments in

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Issued Accounting Guidance (Continued)

this update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The adoption of this amendment is not expected to have a material impact on the financial condition or results of operations.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-18, Statement of Cash Flows (Topic 230). The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The adoption of this amendment is not expected to have a material impact on the financial condition or results of operations.

NOTE 2: CASH AND CASH EQUIVALENTS

The following is a schedule of cash and cash equivalents as of December 31, 2016:

Cash on deposit with banks	<u>\$ 125,029</u>
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Cash is restricted for purposes designated by donors in the amount of \$417 for 2016.

During the year ended December 31, 2016, Family Promise Interfaith Hospitality Network of Gloucester County, Inc. did not hold any investments.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of December 31, 2016, there were no uninsured balances. The Organization believes it is not exposed to any significant credit risk on its cash balances.

NOTE 4: RISK MANAGEMENT

The Organization is exposed to various risks or loss related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The Organization maintains commercial insurance coverage for property and liability. Any potential liability of the Organization with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 5: PROPERTY, PLANT, AND EQUIPMENT

The following is a summary of property, plant, and equipment at December 31, 2016:

	<u>12/31/2015</u>	<u>Additions</u>	<u>12/31/2016</u>
Vehicles		\$ 34,575	\$ 34,575
Furniture and equipment	\$ 1,699	300	1,999
Total property, plant, and equipment	<u>1,699</u>	<u>34,875</u>	<u>36,574</u>
Less: accumulated depreciation	<u>(1,444)</u>	<u>(2,408)</u>	<u>(3,852)</u>
Property, plant, and equipment, net	<u>\$ 255</u>	<u>\$ 32,467</u>	<u>\$ 32,722</u>

Depreciation for the year ended December 31, 2016, amounted to \$2,408.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets at December 31, 2016, were available for the following purposes:

Air mattresses	<u>\$ 417</u>
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NOTE 7: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from grantor restrictions by incurring expenses satisfying the restricted purposes.

Satisfaction of grantor restrictions	<u>\$ 28,083</u>
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NOTE 8: FUNDRAISING EXPENSES

Total fund-raising expense for the year ended December 31, 2016, was \$10,763. Fund-raising expenses related to the Golf Tournament totaled \$5,543 or 46% of the total Golf Tournament contribution revenue. Fund-raising expenses related to Comedy Night totaled \$2,300 or 21% of the contribution revenue. Fund-raising expenses related to Taste of South Jersey totaled \$729 or 2% of the contribution revenue. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Rental Lease Agreement

The Organization entered into a rental lease agreement with St. Bridget's Catholic Church on May 1, 2016, for lease of property. This lease is for two years and will expire April 30, 2018. Payment are to be made monthly in the amount of \$1,200.

**FAMILY PROMISE
INTERFAITH HOSPITALITY NETWORK OF GLOUCESTER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 9: COMMITMENTS AND CONTINGENCIES (CONTINUED)

The minimum lease payments required under the above rental lease as of December 31, 2016, are as follows:

<u>Year End</u>	<u>Lease Payments</u>
2017	\$ 14,400
2018	4,800
	<u>\$ 19,200</u>

NOTE 10: LOAN PAYABLE

A \$10,000 loan was received by a Board member in September 2015. The Interest rate in 2016 was 5% for January through April 2016, then it increased to 5.5% until it was paid off in June 2016. There is no outstanding balance as of December 31, 2016. Interest expense for the year was \$282.

The loan activity for the year was as follows:

	<u>Balance Dec. 31, 2015</u>	<u>Payments</u>
Loan payable	<u>\$ 9,865</u>	<u>\$ 9,865</u>

NOTE 11: LITIGATION

It is the opinion of the Organization's Management that there exists no litigation or contingent liability that may be pending against the Family Promise Interfaith Hospitality Network of Gloucester County, Inc. that would have an adverse effect on the financial position in the future.

NOTE 12: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2016 and August 24, 2017, the date that the financial statements were issued, and no subsequent events have come to their attention that require disclosure under FASB ASC 855-10.