

**Family Promise of Southwest New Jersey  
Financial Statements for the Years Ended  
December 31, 2019 and 2018  
Independent Auditor's Report**

# **Ditmars, Perazza & Co.**

CERTIFIED PUBLIC ACCOUNTANT

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## **Independent Auditor's Report**

Family Promise of Southwest New Jersey

January 4, 2021

To the Board of Directors:

### **Report on Financial Statements**

We have audited the accompanying financial statements of Family Promise of Southwest New Jersey, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, of cash flows and of functional expenses 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 the 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 from 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 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 the Family Promise of Southwest New Jersey as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited Family Promise of Southwest New Jersey's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 6, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Ditmars, Perazza & Co.

**Family Promise of Southwest New Jersey  
Statement of Financial Position  
December 31, 2019 and 2018**

| <b>ASSETS:</b>                          | <u><b>2019</b></u>      | <u><b>2018</b></u>      |
|---|-------------------------|-------------------------|
| Cash and cash equivalents               | \$ 56,140               | \$ 58,244               |
| Property and equipment, net             | 33,475                  | 23,672                  |
| <b>TOTAL ASSETS</b>                     | <u><u>\$ 89,615</u></u> | <u><u>\$ 81,916</u></u> |
| <br><b>LIABILITIES AND NET ASSETS:</b>  |                         |                         |
| <b>Liabilities:</b>                     |                         |                         |
| Payroll liabilities                     | \$ 2,545                | \$ 2,275                |
| Total Liabilities                       | <u>2,545</u>            | <u>2,275</u>            |
| <br><b>Net Assets:</b>                  |                         |                         |
| Without donor restrictions              | 87,070                  | 79,641                  |
| Total net assets                        | <u>87,070</u>           | <u>79,641</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$ 89,615</u></u> | <u><u>\$ 81,916</u></u> |

*The accompanying footnotes are an integral part of the financial statements.*

**Promise Family of Southwest New Jersey  
Statement of Activities  
For the Year Ended December 31, 2019**

(With summarized totals for 2018)

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Totals<br>2019   | Totals<br>2018   |
|---|-------------------------------|----------------------------|------------------|------------------|
| <b>PUBLIC SUPPORT AND OTHER REVENUE</b> |                               |                            |                  |                  |
| <b>Public Support:</b>                  |                               |                            |                  |                  |
| Donations                               | \$ 94,655                     |                            | \$ 94,655        | \$ 36,605        |
| Grants                                  | 27,600                        | \$ 22,417                  | 50,017           | 41,812           |
| Fundraising income                      | 62,335                        |                            | 62,335           | 82,110           |
| <b>Other Revenue:</b>                   |                               |                            |                  |                  |
| Guest deposit transitional housing      | 6,900                         |                            | 6,900            | 8,500            |
| In-kind services                        | 23,305                        |                            | 23,305           | 40,275           |
| Interest income                         | 149                           |                            | 149              | 66               |
| Student transportation program          | 5,075                         |                            | 5,075            | -                |
| Net assets released from restrictions   | 22,417                        | (22,417)                   | -                | -                |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b> | <b>242,436</b>                | <b>-</b>                   | <b>242,436</b>   | <b>209,368</b>   |
| <b>EXPENSES:</b>                        |                               |                            |                  |                  |
| Program services                        | 191,490                       |                            | 191,490          | 195,084          |
| Management and general                  | 32,211                        |                            | 32,211           | 19,507           |
| Fundraising                             | 11,306                        |                            | 11,306           | 12,549           |
| <b>TOTAL EXPENSES</b>                   | <b>235,007</b>                | <b>-</b>                   | <b>235,007</b>   | <b>227,140</b>   |
| <b>CHANGE IN NET ASSETS</b>             | <b>7,429</b>                  | <b>-</b>                   | <b>7,429</b>     | <b>(17,772)</b>  |
| <b>NET ASSETS - BEGINNING</b>           | <b>79,641</b>                 |                            | <b>79,641</b>    | <b>97,413</b>    |
| <b>NET ASSETS - ENDING</b>              | <b>\$ 87,070</b>              | <b>\$ -</b>                | <b>\$ 87,070</b> | <b>\$ 79,641</b> |

*The accompanying footnotes are an integral part of the financial statements.*

**Family Promise of Southwest New Jersey  
Statement of Cash Flows  
For the Years Ended December 31, 2019 and 2018**

|  | <u>2019</u>      | <u>2018</u>      |
|--|------------------|------------------|
| <b>Cash flows from operating activities</b>  |                  |                  |
| Change in net assets   | \$ 7,429         | \$ (17,772)      |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used in) operating activities: |                  |                  |
| Depreciation   | 5,045            | 3,350            |
| Change in other assets   |                  | -                |
| Change in payroll liabilities  | 270              | (245)            |
| Net cash provided by, (used by) operating activities   | <u>12,744</u>    | <u>(14,667)</u>  |
| <b>Cash flows from investing activities:</b>   |                  |                  |
| Property additions   | (14,848)         |                  |
| Net cash (used by) investing activities  | <u>(14,848)</u>  | <u>-</u>         |
| <b>Cash flows from financing activities:</b>   |                  |                  |
| Proceeds from loan   | 14,848           |                  |
| Loan payments  | (14,848)         |                  |
| Net cash from financing activities   | <u>-</u>         | <u>-</u>         |
| <b>Net change in cash and cash equivalents</b>   | (2,104)          | (14,667)         |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING</b>   | 58,244           | 72,911           |
| <b>CASH AND CASH EQUIVALENTS - ENDING</b>  | <u>\$ 56,140</u> | <u>\$ 58,244</u> |

*The accompanying footnotes are an integral part of the financial statements.*

**Family Promise of Southwest New Jersey  
Statement of Functional Expenses  
For the Year Ended December 31, 2019**

(With summarized totals for 2018)

|                               | Program<br>Services | Management<br>and General | Fundraising      | 2019              | 2018              |
|-------------------------------|---------------------|---------------------------|------------------|-------------------|-------------------|
| Auto expense                  | \$ 5,332            |                           |                  | \$ 5,332          | \$ 1,729          |
| Business expenses             | 10,263              | \$ 2,250                  |                  | 12,513            | 9,405             |
| Computer software and support |                     | 171                       |                  | 171               | 149               |
| Contract services             | 4,750               | 5,625                     |                  | 10,375            | 1,686             |
| Depreciation expense          |                     | 5,045                     |                  | 5,045             | 3,350             |
| Donated goods and services    | 23,305              |                           |                  | 23,305            | 40,275            |
| Family center expenses        | 1,905               |                           |                  | 1,905             | 273               |
| Fundraising expense           |                     |                           | \$ 11,306        | 11,306            | 12,549            |
| Insurance                     | 13,066              | 2,456                     |                  | 15,522            | 12,623            |
| Miscellaneous                 | 810                 | 1,378                     |                  | 2,188             | 939               |
| Office supplies               |                     | 948                       |                  | 948               | 389               |
| Payroll expenses              | 99,418              | 14,202                    |                  | 113,620           | 108,578           |
| Postage and delivery          |                     | 136                       |                  | 136               | 614               |
| Rent                          | 13,780              |                           |                  | 13,780            | 13,780            |
| Telephone and internet        | 2,851               |                           |                  | 2,851             | 2,600             |
| Transitional housing expenses | 8,739               |                           |                  | 8,739             | 11,386            |
| Utilities                     | 7,271               |                           |                  | 7,271             | 6,815             |
|                               |                     |                           |                  | -                 |                   |
|                               |                     |                           |                  | -                 |                   |
| <b>Total Expenses</b>         | <b>\$ 191,490</b>   | <b>\$ 32,211</b>          | <b>\$ 11,306</b> | <b>\$ 235,007</b> | <b>\$ 227,140</b> |

*The accompanying footnotes are an integral part of the financial statements.*

**Family Promise of Southwest New Jersey**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

**1. Nature of Activities and Significant Accounting Policies**

**Nature of Activities**

Family Promise of Southwest New Jersey (formerly 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 financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation**

During the prior the Organization adopted the new standards issued in August 2016 relating to the Presentation of Financial Statements of Not-for-Profit entities. These new standards are intended to improve the presentation of financial statements of not-for-profit (NFP) entities. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU also requires additional information to be disclosed about expense classifications and liquidity and availability of resources.

**New Accounting Pronouncements**

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it entitled to receive in exchange for those goods or services. The standard is effective for the current fiscal year.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months.



This new accounting will apply to both types of leases-capital (or finance) leases and operating leases. Previously, accounting principles generally accepted in the United State of America has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Organization is assessing the potential impact this guidance will have on it financial statements.

Contributions - In June 2018, FASB issued ASU 2018-08 "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*". The new guidance assists not-for-profit entities in determining whether to account for a transfer of assets as a contribution or an exchange transaction. The update also clarifies that a contribution is conditional if the agreement includes both a barrier (as defined) and a right of return or release. The standard is effective for the current fiscal year.

### **Donor Imposed Restrictions**

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions. The Organization follows the policy of showing donor contributions whose restrictions are met in the same reporting period as donations without donor restrictions..

Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

### **Cash and Cash Equivalent**

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three month or less to be cash equivalents.

### **Donated 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.

Materials donated to the Organization are valued at their estimated value for the year ended December 31, 2019 of \$ 23,305.

### **Property and Equipment**

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets (5 to 15 years).

### **Income Taxes**

The Organization is a not-for-profit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Organization is not classified as a Private Foundation.

ASC Topic 740 prescribes how an entity should measure, recognize, present and disclose in its financial statements tax positions that an organization has taken or expects to take on its information returns.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns with regard to issues affecting its tax exempt status, unrelated business income and related matters. Based on the Organization's evaluation of their positions relating to any relevant matters no tax benefits or liabilities are required to be recognized in accordance with ASC Topic 740. The Organization is subject to routine audits by taxing jurisdictions however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2013. Should there be an assessment of penalties and interest it is the Organization's policy to recognize them as current year expenses. There have been no tax related interest or penalties for periods presented in these financial statements.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Functional Allocation of Expenses**

The costs of providing the programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated on a reasonable basis this is consistently applied based on effort or time or usage.

## **Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board's standards that applies to all assets and liabilities that are being measured and reported on a fair value basis. Under the standards disclosures are required that establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. The standards enable the reader of the financial statements to access the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The standards require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

1. Level 1: Quoted market prices in active markets for identical assets or liabilities
2. Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
3. Level 3: Unobservable inputs that are not corroborated by market data.

The carrying amounts of financial instruments including cash and cash equivalents, receivables, prepaid and payables approximates fair value due to the short maturity of these instruments.

## **Subsequent Events**

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establish principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, the Organization has evaluated subsequent events through January 4, 2021, the date the financial statements were available to be issued. Management had also determined that no subsequent events have occurred which require disclosure in the financial statements.

## **2. Net Assets with Donor Restrictions**

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

## **3. Concentration of Credit Risk**

The Organization maintains cash balances at several banks. Accounts at one bank are currently insured by the Federal Deposit Insurance Corporation up to \$250,000. A portion

of the cash balances that have exceeded the limit are therefore not insured by the FDIC. The Organization has not experienced any losses in such accounts.

#### **4. Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative financial information in total and not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2018, from which the summarized information was derive.

#### **5. Liquidity and Availability**

Financial assets available for general expenditures within one year of the statement of financial position date comprise the following:

|   |           |
|---|-----------|
| Cash and cash equivalents                                 | \$ 56,140 |
|   | -----     |
| Total Financial Assets Available for General Expenditures | \$ 56,140 |
|   | =====     |

The Organization regularly monitors liquidity to meet its operating needs. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents..

For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing activities of providing social services as well as the conduct of services undertaken to support these activities to be general expenditures.

The Organization receives grants and contributions from donors with restrictions to be used in accordance with the associated purpose restrictions. The Organization also receives support without donor restrictions.

#### **6. Rental Lease Agreement**

The Organization leases space as it's Family Center St. Bridget's Catholic Church on a month to month arrangement. The lease expense for the year ended December 31, 2019 and 2018 was \$ 13,780.

## **7. Subsequent Event - COVID-19 Pandemic**

In December 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) that the World Health Organization characterized as a pandemic. As a result, the State of New Jersey, in March 2020, ordered the closure of the physical location of every “non-essential” business. All of the programs of the Organization were considered to be “essential” and continued to function with the guidance provided by the federal and state government for safe operation. Future potential impact may include continued disruptions or restrictions on the Organization’s ability to work.. The future effects of these issues are unknown.

In the year ended December 31, 2020 the Organization applied for and was approved for a \$ 27,625 loan under the Payroll Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100 % of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal Government.