

**Family Promise Interfaith Hospitality Network
of Gloucester County, Inc.
Financial Statements for the Years Ended
December 31, 2018 and 2017
Independent Auditor's Report**

Ditmars, Perazza & Co.

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

Family Promise Interfaith Hospitality
Network of Gloucester County, Inc.

August 6, 2019

To the Board of Directors:

Report on Financial Statements

We have audited the accompanying financial statements of Family Promise Interfaith Hospitality Network of Gloucester County, Inc., which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, of cash flows and of functional expenses for the years 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 Interfaith Hospitality Network of Gloucester County, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Ditmars, Perazza & Co.

**Family Promise Interfaith Hospitality Network
of Gloucester County, Inc.
Statement of Financial Position
December 31, 2018 and 2017**

ASSETS:	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 58,244	\$ 72,911
Property and equipment, net	23,672	27,022
TOTAL ASSETS	<u>\$ 81,916</u>	<u>\$ 99,933</u>
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Payroll liabilities	\$ 2,275	\$ 2,520
Total Liabilities	<u>2,275</u>	<u>2,520</u>
 Net Assets:		
Without donor restrictions	79,641	97,413
Total net assets	<u>79,641</u>	<u>97,413</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 81,916</u>	<u>\$ 99,933</u>

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

**Promise Family Interfaith Hospitality Network of
of Gloucester County, Inc.
Statement of Activities
For the Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Totals 2018
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support:			
Donations	\$ 36,605		\$ 36,605
Grants	26,000	\$ 15,812	41,812
Fundraising income	82,110		82,110
Other Revenue:			
Guest deposit transitional housing	8,500		8,500
In-kind services	40,275		40,275
Interest income	66		66
Net assets released from restrictions	15,812	(15,812)	-
TOTAL PUBLIC SUPPORT AND REVENUE	209,368	-	209,368
EXPENSES:			
Program services	195,084		195,084
Management and general	19,507		19,507
Fundraising	12,549		12,549
TOTAL EXPENSES	227,140	-	227,140
CHANGE IN NET ASSETS	(17,772)	-	(17,772)
NET ASSETS - BEGINNING	97,413		97,413
NET ASSETS - ENDING	\$ 79,641	\$ -	\$ 79,641

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

**Promise Family Interfaith Hospitality Network
of Gloucester County, Inc.
Statement of Activities
For the Year Ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Totals 2018
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support:			
Donations	\$ 27,340		\$ 27,340
Grants	27,500	\$ 11,800	39,300
Fundraising income	62,680		62,680
Other Revenue:			
Guest deposit transitional housing	9,000		9,000
In-kind services			-
Interest income	92		92
			-
Net assets released from restrictions	12,217	(12,217)	
TOTAL PUBLIC SUPPORT AND REVENUE	138,829	(417)	138,412
EXPENSES:			
Program services	163,625		163,625
Management and general	24,689		24,689
Fundraising	9,539		9,539
TOTAL EXPENSES	197,853	-	197,853
CHANGE IN NET ASSETS	(59,024)	(417)	(59,441)
NET ASSETS - BEGINNING	156,437	\$ 417	156,854
NET ASSETS - ENDING	\$ 97,413	\$ -	\$ 97,413

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

**Family Promise Interfaith Hospitality Network
of Gloucester County, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (17,772)	\$ (59,441)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,350	5,700
Change in other assets	-	220
Change in payroll liabilities	(245)	1,403
Net cash provided by, (used by) operating activities	<u>(14,667)</u>	<u>(52,118)</u>
Cash flows from investing activities:		
Property additions	-	-
Net cash (used by) investing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(14,667)	(52,118)
CASH AND CASH EQUIVALENTS - BEGINNING	72,911	125,029
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 58,244</u>	<u>\$ 72,911</u>

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

**Family Promise Interfaith Hospitality Network
of Gloucester County, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2018**

	Program Services	Management and General	Fundraising	2018
Auto expense	\$ 1,729			\$ 1,729
Business expenses	9,055	\$ 350		9,405
Computer software and support		149		149
Contract services	586	1,100		1,686
Depreciation expense	3,350			3,350
Donated goods and services	40,275			40,275
Family center expenses	273			273
Fundraising expense			\$ 12,549	12,549
Insurance	10,492	2,131		12,623
Miscellaneous		939		939
Office supplies		389		389
Payroll expenses	94,743	13,835		108,578
Postage and delivery		614		614
Rent	13,780			13,780
Telephone and internet	2,600			2,600
Transitional housing expenses	11,386			11,386
Utilities	6,815			6,815
				-
				-
	\$ 195,084	\$ 19,507	\$ 12,549	\$ 227,140

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

**FamilyPromise Interfaith Hospitality Network
of Gloucester County, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017**

	Program Services	Management and General	Fundraising	2017
Auto expense	\$ 2,677			\$ 2,677
Business expenses	6,134	\$ 2,924		9,058
Computer software and support		626		626
Contract services	700	4,075		4,775
Depreciation expense	5,700			5,700
Donated goods and services				-
Family center expenses	2,079			2,079
Fundraising expense			\$ 9,539	9,539
Insurance	9,446	2,230		11,676
Miscellaneous		70		70
Office supplies		1,449		1,449
Payroll expenses		751		751
Postage and delivery	89,969	12,564		102,533
Day center rent	13,935			13,935
Telephone and internet	2,866			2,866
Transitional housing expenses	9,393			9,393
Utilities	5,486			5,486
Prospective housing purchase exp	15,240			15,240
				-
	<u>\$ 163,625</u>	<u>\$ 24,689</u>	<u>\$ 9,539</u>	<u>\$ 197,853</u>

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

**Family Promise Interfaith Hospitality Network
of Gloucester County, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017**

1. Nature of Activities and 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 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 year 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 Not Yet Adopted

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 fiscal years beginning after December 15, 2018 and may be adopted either by restating all years presented in the Organization's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the fiscal. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

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, 2019, and for interim periods within fiscal years beginning after December 15, 2020. 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 transactions in which the entity serves as a resource recipient for annual periods beginning after December 15, 2018, and interim periods beginning after December 15, 2019, and as a resource provider for annual periods beginning after December 15, 2019, and interim periods beginning after December 15, 2020.

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 Equivalents

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, 2018 of \$ 40,275.

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 August 6, 2019, 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. 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	\$ 58,244

Total Financial Assets Available for General Expenditures	\$ 58,244
	=====

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.

5. 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, 2018 and 2017 was \$ 13,780 and \$ 13,935 respectfully.