FAMILY PROMISE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

SOBEL & CO. LLC
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FAMILY PROMISE, INC.

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Family Promise, Inc. ("Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise, Inc. as of December 31, 2019, 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.

Emphasis of Matter

The Organization adopted Financial Accounting Standards Board, *Revenue from Contracts with Customers*, as described in Note 2. Our opinion is not modified with respect to this matter.

Other Matters

Other 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 18-20, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2020, on our consideration of Family Promise, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
April 10, 2020

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FAMILY PROMISE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	1,976,622
Grants receivable		108,278
Contributions receivable		378,310
Prepaid expenses and other current assets		27,027
Investments		1,657,596
Total Current Assets		4,147,833
Property and equipment, net		27,383
	$	4,175,216

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable and accrued expenses	$	94,063
Deferred revenue		500
Total Current Liabilities		94,563
NET ASSETS:		
Net assets without donor restrictions		1,654,538
Board-designated endowment		1,711,715
Total net assets without donor restrictions		3,366,253
Net assets with donor restrictions		714,400
Total Net Assets		4,080,653
	$	4,175,216

FAMILY PROMISE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Individuals	$ 509,508	$ -	$ 509,508
Congregations	48,242	-	48,242
Foundations	91,183	722,500	813,683
Corporations	1,273,375	100,000	1,373,375
Civic organizations	12,661	-	12,661
Government grants	212,995	-	212,995
Fundraising events	375,998	-	375,998
Sales, networks, and other income	611,340	-	611,340
Contributed goods and services	302,543	-	302,543
Interest and dividends	60,836	-	60,836
Unrealized and realized gain on investments	213,421	-	213,421
Net assets released from restriction	293,501	(293,501)	-
Total Revenue and Other Support	4,005,603	528,999	4,534,602
Expenses:			
Program services	3,201,755	-	3,201,755
Management and general	214,377	-	214,377
Fundraising	306,747	-	306,747
Total Expenses	3,722,879	-	3,722,879
Changes in Net Assets	282,724	528,999	811,723
NET ASSETS:			
Beginning of Year	3,083,529	185,401	3,268,930
End of Year	$ 3,366,253	$ 714,400	$ 4,080,653

FAMILY PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries and related expenses	$ 1,449,948	$ 127,772	$ 216,976	$ 1,794,696
Facility rental and meals	257,131	2,270	3,854	263,255
Office supplies and expense	131,816	11,615	25,301	168,732
Utilities	23,829	2,100	3,566	29,495
Travel expenses	119,017	1,028	1,747	121,792
Insurance	19,239	1,695	2,879	23,813
Telephone	13,355	1,177	1,998	16,530
Professional fees and consultants	257,260	22,670	38,497	318,427
Rent expense	37,164	3,275	5,561	46,000
Interns and regional representatives	22,384	-	-	22,384
Manuals and merchandise	4,819	-	-	4,819
Van maintenance	9,536	-	-	9,536
Rental assistance	100,913	-	-	100,913
Emergency fund for families	428,179	-	-	428,179
Network grants and other donations	281,257	-	-	281,257
Bad debt	-	37,025	-	37,025
Childcare and daycenter	3,354	-	-	3,354
Total Expenses before Depreciation and Amortization	3,159,201	210,627	300,379	3,670,207
Depreciation and amortization	42,554	3,750	6,368	52,672
Total Expenses	$ 3,201,755	$ 214,377	$ 306,747	$ 3,722,879

FAMILY PROMISE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS PROVIDED BY (USED FOR):	
OPERATING ACTIVITIES:	
Changes in net assets	$ 811,723
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	52,672
Unrealized and realized losses on investments	(213,421)
Bad debt	37,025
Changes in operating assets and liabilities:	
Pledges receivable	6,858
Grants receivable	(13,157)
Accounts receivable	(249,274)
Prepaid expenses	(12,143)
Accounts payable and accrued expenses	8,768
Deferred revenue	(864)
Net Cash Provided by Operating Activities	428,187
INVESTING ACTIVITIES:	
Purchases of investments	(704,442)
Proceeds from sale of investments	664,103
Net Cash Used for Investing Activities	(40,339)
NET INCREASE IN CASH AND CASH EQUIVALENTS	387,848
CASH AND CASH EQUIVALENTS:	
Beginning of year	1,588,774
End of year	$ 1,976,622

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.

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.

Allowance for Doubtful Accounts:
Management uses the allowance method for reserving against uncollectible receivables. The reserves are based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. At December 31, 2019, no allowance was deemed necessary.

Property and Equipment:
Property and equipment are stated at cost or fair value at the date of gift for donated assets. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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:

Description	Estimated Life
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, 2019, management deemed no allowance was necessary.

All accounts receivable are due within one year as of December 31, 2019.

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.

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

Revenue Recognition:
In May 2014, the FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2019, using the modified retrospective approach.

As part of the adoption of the pronouncement, the Organization elected the following transition practical expedients: to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of the pronouncement did not result in a change to beginning net assets as of January 1, 2019.

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

Contributed Goods and Services:
Amounts are reported in the financial statements for voluntary donations of goods and services. Services that create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Contributed goods and services are recorded as contributions at their estimated fair value at the date of donation. The amount of contributed goods and services for the year ended December 31, 2019, was $302,543.

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

Contributed Goods and Services: (Continued)

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, 2019. At December 31, 2019, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements.

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The effective date for the pronouncement is for periods beginning after December 15, 2020. It will be effective for the Organization for the year ended December 31, 2021. 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, 2019 through April 10, 2020, the date that the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following represents the Organization's financial assets at December 31, 2019, 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.

	2019
Cash and cash equivalents	$ 1,976,622
Grants receivable	108,278
Contributions receivable	378,310
Level one investments	1,228,126
Total financial assets	3,691,336
Less amounts not available to be used within one year:	
Board-designated net assets	(1,282,245)
Net assets with donor restrictions	(694,400)
	(1,976,845)
Financial assets available to meet general expenditures over the next twelve months	$ 1,714,691

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in level one investments, such as mutual funds and equities. The Organization also has additional Board-designated net assets of $1,711,715 which can be released with approval by the Board of Trustees. Included in Board-designated net assets are $429,470 in level two investments which are not included in the calculation above.

NOTE 4 - INVESTMENTS:

Investments are categorized as follows:

	Fair Value Measurements as of December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 533,422	$ -	$ -	$ 533,422
Equities	694,704	-	-	694,704
Fixed income	-	429,470	-	429,470
Investments at Fair Value	$ 1,228,126	$ 429,470	$ -	$ 1,657,596

The cost basis of the Organization's investments is approximately $1,440,000.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31, 2019
Leasehold improvements	$ 751,548
Office equipment and furniture	384,306
Website	45,140
Transportation equipment	43,192
	1,224,186
Less: Accumulated depreciation	(1,196,803)
Property and Equipment, Net	$ 27,383

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.

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 agreement expired on December 31, 2019, and the Organization is in the process of negotiating the terms of the lease renewal. Rent expense for the year ended December 31, 2019, amounted to $46,000.

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.

A portion of the first floor is subleased to another organization on an annual basis. Rental income for the year ended December 31, 2019, amounted to $14,276 and is included in other income on the statement of activities and changes in net assets. The subtenant also reimburses the Organization for utilities as per the sublease agreement. The sublease expired on December 31, 2019, and the Organization is in the process of negotiating the lease renewal.

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

The assets of the Organization are invested in financial instruments that are liquid and readily tradable. As a result, general market and economic conditions have a significant impact on the financial instruments' performance. Investments are subject to risk conditions of the individual investment objectives, stock market fluctuations, interest rates, economic conditions and world affairs. As of December 31, 2019, the fair value of the Organization's investments was $1,657,596. As a result of instability of worldwide financial markets subsequent to December 31, 2019 the fair value of these investments in aggregate decreased by approximately 15% through April 10, 2020.

NOTE 7 - BOARD-DESIGNATED NET ASSETS:

As of December 31, 2019, Board-designated endowment net assets are comprised of the following:

	Net Assets Without Donor Restrictions
Endowment Net Assets, Beginning of year	$ 1,459,176
Investment return:	
Investment income	53,264
Investment fees	(13,842)
Unrealized and realized gain on investments	226,722
Total Investment Gain	266,144
Contributions	-
Appropriation for expenditure	(13,605)
Endowment Net Assets, End of year	$ 1,711,715

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are comprised of the following:

	December 31, 2019
Florida affiliate programming	$ 25,000
New Jersey affiliate programming	10,000
Family Promise – Greater Ft. Hood	15,000
Family Promise – Union County	9,460
Housing transitional grant	63,815
Housing for Change Marketing	3,625
Housing locator	2,500
Equipment purchases	15,000
Affiliate grants	550,000
Volunteer management tool	20,000
Total Net Assets With Donor Restrictions	$ 714,400

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

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

	December 31, 2019
Florida affiliate programming	$ 10,000
New Jersey affiliate programming	30,000
Family Promise – Lake Houston	35,000
Trauma informed pilot program	25,000
Housing transitional grant	86,185
Housing for Change Marketing	4,416
Time restrictions	2,900
Synchrony Foundation	100,000
Total Net Assets With Donor Restrictions	$ 293,501

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, 2019, was $44,389 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.

Two donors represented 28% of the Organization's total revenue for the year ending December 31, 2019.

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, 2019, or paid subsequent to year-end.

NOTE 13 - SUBSEQUENT EVENT:

Subsequent to year-end, the Organization transferred the purchasing rights for the building which the Organization currently resides in a related party. As of the date of issuance, the sale has not been finalized. Once the sale is finalized, the related party will lease the building back to the Organization.

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

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					
Passed through:					
Union County Department of Human Services					
HEARTH Emergency Solutions (HES) Grant	14.231	08/01/19-07/31/20	19-HES-103	$ 45,006	$ 21,473
HEARTH Emergency Solutions (HES) Grant	14.231	08/01/18-07/31/19	18-HES-103	33,006	30,109
					51,582
Passed through:					
Union County Department of Human Services					
Community Development Block Grant (CDBG)	14.218	09/01/19-08/31/20	019-219	8,000	8,000
United States Department of Health and Human Services					
Passed through:					
NJ Department of Community Affairs					
Union County Department of Human Services					
Community Service Block Grant (CSBG)	93.569	01/01/19-03/31/20	19-CSB-102	32,290	26,613

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-through Grantor Program Title	Federal CFDA	Grant Period	Pass-through Grantor's Number	Award Amount	Expenditures
United States Department of Homeland Security					
Federal Emergency Management Agency					
Passed through:					
United Way of Greater Union County					
Emergency Food and Shelter Program	97.024	08/15/19-02/28/20	N/A	23,100	23,100
Total Federal Awards					**$ 109,295**

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

State Grantor Program Title	Grant Period	Grant Number	Award Amount	Expenditures
New Jersey Department of State				
Office of Faith Based Initiatives Social Innovation				
Good Tenant Program	07/01/17-06/30/18	OFBI18DSP-025	$ 10,000	$ 7,741
Total State Awards				**$ 7,741**

FAMILY PROMISE, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2019

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 this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2019, 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, 2019, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to its federal and state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2019, the Organization did not have any loan or loan guarantee programs.

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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, 2019, 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 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
April 10, 2020

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