FAMILY PROMISE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017

SOBEL & CO. LLC
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FAMILY PROMISE, INC.

DECEMBER 31, 2017

CONTENTS

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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, 2017, 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, 2017, 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.

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 17-19, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*, 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 24, 2018, 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 24, 2018

FAMILY PROMISE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 651,672
Pledges receivable	63,602
Grants receivable	23,414
Accounts receivable	117,789
Investments	1,337,737
Prepaid expenses	5,124
Total Current Assets	2,199,338
Property and equipment, net	135,468
Pledges receivable-noncurrent	19,606
	$ 2,354,412

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts payable and accrued expenses	$ 59,409
Deferred revenue	2,741
Total Current Liabilities	62,150
NET ASSETS:	
Unrestricted	745,694
Board-designated endowment	1,384,673
Total unrestricted net assets	2,130,367
Temporarily restricted	161,895
Total Net Assets	2,292,262
	$ 2,354,412

FAMILY PROMISE, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Individuals	$ 439,783	$ -	$ 439,783
Congregations	50,869	5,000	55,869
Foundations	237,517	241,000	478,517
Corporations	235,161	-	235,161
Civic organizations	3,740	-	3,740
Government	113,042	-	113,042
Fundraising events	315,726	-	315,726
Sales, networks, and other income	643,122	-	643,122
Interest and dividends	56,701	-	56,701
Unrealized and realized gains on investments	79,106	-	79,106
Net assets released from restriction	374,074	(374,074)	-
Total Revenue and Other Support	2,548,841	(128,074)	2,420,767
Expenses:			
Program services	1,971,731	-	1,971,731
Management and general	162,377	-	162,377
Fundraising	185,575	-	185,575
Total Expenses	2,319,683	-	2,319,683
Changes in Net Assets	229,158	(128,074)	101,084
NET ASSETS:			
Beginning of Year	1,901,209	289,969	2,191,178
End of Year	$ 2,130,367	$ 161,895	$ 2,292,262

FAMILY PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries	$ 915,520	$ 75,396	$ 86,167	$ 1,077,083
Payroll taxes and benefits	141,435	11,648	13,312	166,395
Total Salaries and Related Expenses	1,056,955	87,044	99,479	1,243,478
Facility rental and meals	146,679	12,079	13,805	172,563
Printing and photocopying	27,014	2,225	2,543	31,782
Office supplies and expense	75,926	6,253	7,146	89,325
Postage	11,853	976	1,116	13,945
Dues and subscriptions	21,814	1,796	2,053	25,663
Utilities	23,210	1,911	2,184	27,305
Travel expenses	90,081	7,418	8,478	105,977
Insurance	16,392	1,350	1,543	19,285
Telephone	7,757	639	730	9,126
Professional fees and consultants	74,046	6,098	6,969	87,113
Rent expense	28,514	2,348	2,684	33,546
Interns and regional representatives	40,173	3,308	3,781	47,262
Manuals and merchandise	36,938	3,042	3,477	43,457
Van maintenance	5,233	431	492	6,156
Rental assistance	29,477	2,428	2,774	34,679
Emergency fund for families	24,773	2,040	2,332	29,145
Network grants and other donations	138,040	11,368	12,992	162,400
Bad debt	29,431	2,424	2,770	34,625
Childcare and daycenter	11,052	910	1,040	13,002
Investment fees	8,357	688	786	9,831
Total Expenses before Depreciation and Amortization	1,903,715	156,776	179,174	2,239,665
Depreciation and amortization	68,016	5,601	6,401	80,018
Total Expenses	$ 1,971,731	$ 162,377	$ 185,575	$ 2,319,683

FAMILY PROMISE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS PROVIDED BY (USED FOR):	
OPERATING ACTIVITIES:	
Changes in net assets	$ 101,084
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	80,018
Unrealized and realized gains on investments	(79,106)
Bad debt	34,625
Changes in operating assets and liabilities:	
Pledges receivable	7,744
Grants receivable	53,259
Accounts receivable	(114,506)
Prepaid expenses	8,583
Accounts payable and accrued expenses	24,894
Deferred revenue	2,741
Net Cash Provided by Operating Activities	119,336
INVESTING ACTIVITIES:	
Purchases of property and equipment	(20,232)
Purchases of investments	(177,784)
Proceeds from sale of investments	120,451
Net Cash Used for Investing Activities	(77,565)
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,771
CASH AND CASH EQUIVALENTS:	
Beginning of year	609,901
End of year	$ 651,672

NOTE 1 - NATURE OF ORGANIZATION:

Family Promise, Inc. ("Organization"), formerly known as The National Interfaith Hospitality Networks, Inc., is a nonprofit, nondenominational, volunteer-based organization that mobilizes communities to help homeless and low-income families achieve sustainable independence through the creation of local network programs. The Organization is supported primarily through donor contributions and grants.

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:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets - 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.

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.

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, 2017, 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 temporarily restricted net assets to unrestricted net assets 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

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, 2017, management deemed no allowance was necessary.

All accounts receivable are due within one year as of December 31, 2017.

Pledges Receivable:
Unconditional promises to give are recognized as revenue or gains in the period pledged and as assets or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable due in one year are recorded at their net realizable value. Pledges receivable due in more than one year are recorded at the present value of their net realizable value, utilizing a risk-time rate based on U.S. treasury notes.

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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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

Revenue Recognition:
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.

Contributed Services:
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.

Functional Expenses:
Costs of providing the Organization's programs, management and general, and fundraising activities are separately summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general, and fundraising activities using reasonable ratios determined by management. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization.

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, 2017. At December 31, 2017, 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.

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

Financial Statement Reporting for Nonprofits:
The Financial Accounting Standards Board issued an accounting pronouncement *Presentation of Financial Statements of Not-for-Profit Entities* that will require net assets to be presented in two classes instead of three. The two classes will be net assets with donor restrictions and net assets without donor restrictions. Additional enhanced disclosures will be required to present the amounts and purposes of Board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources.

It also requires the Organization to communicate qualitative and quantitative information on how it manages its liquid resources available to meet the cash flow needs for general expenditures within one year of the statement of financial position date. Additional enhanced disclosures will also be required to provide information on how the Organization allocates costs. The pronouncement is effective for annual reporting periods beginning after December 15, 2017. It will be effective for the year ending December 31, 2018. The Organization is currently evaluating the effect that the new standard will have on its financial statements.

Subsequent Events:
The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2017 through April 24, 2018, the date that the financial statements were available to be issued.

NOTE 3 - PLEDGES RECEIVABLE:

Pledges receivable are as follows:

	December 31, 2017
Pledges receivable in less than one year	$ 63,602
Pledges receivable in one to three years	20,450
Less: Discount to net present value	(844)
	$ 83,208

Pledges receivable in more than one year are discounted at 1.98% (three-year treasury rate) for the year ended December 31, 2017.

NOTE 4 - INVESTMENTS:

Investments are categorized as follows:

	Fair Value Measurements as of December 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 991,248	$ -	$ -	$ 991,248
Fixed income	-	346,489	-	346,489
Investments at Fair Value	$ 991,248	$ 346,489	$ -	$ 1,337,737

The following schedule summarizes investments by strategy as of December 31, 2017:

	Mutual Funds	**Fixed Income**
Large growth	38%	-
Large blend	22%	-
Large value	19%	-
Multi-alternative	5%	-
Mid-cap growth	2%	-
Global real estate	2%	-
Small value	2%	-
Small growth	2%	-
Managed futures	2%	-
Intermediate-term bond	6%	64%
Long-term bond	-	22%
Short-term bond	-	14%
Investments at Fair Value	100%	100%

The cost basis of the Organization’s investments is approximately $1,160,000.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31, 2017
Leasehold improvements	$ 751,548
Office equipment and furniture	370,498
Website	45,140
Transportation equipment	43,192
	1,210,378
Less: Accumulated depreciation	(1,074,910)
Property and Equipment, Net	$ 135,468

NOTE 6 - 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.

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. Rent expense for the year ended December 31, 2017, amounted to $33,546.

Future minimum lease payments are as follows:

Year Ended December 31,	
2018	$ 33,546
2019	33,546
2020	33,546
Total	$ 100,638

NOTE 6 - LEASES: (Continued)

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 will occupy the leased premises rent-free. The Organization was obligated to pay $1,500 per month for utilities. The Organization is currently 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, 2017, amounted to $16,368 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.

Future receipts from the sublease are as follows:

Year Ended December 31,	
2018	$ 16,368
2019	16,368
2020	16,368
Total	$ 49,104

NOTE 7 - BOARD-DESIGNATED NET ASSETS:

As of December 31, 2017, Board-designated endowment net assets are comprised of the following:

	Unrestricted
Endowment Net Assets, Beginning of year	$ 1,250,821
Investment return:	
Investment income	54,790
Investment fees	(9,831)
Unrealized and realized gain on investments	78,893
Total Investment Return	123,852
Contributions	10,000
Appropriation for expenditure	-
Endowment Net Assets, End of year	$ 1,384,673

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are comprised of the following:

	December 31, 2017
Development of networks	$ 25,900
Family Promise – Lake Houston	35,000
Family Promise – Greater Ft. Hood	15,000
Family Promise – Union County	14,460
Housing transitional grant	22,500
Establishment of Pacific Northwest Office	15,025
Housing for Change Marketing	13,560
Time restrictions	20,450
Total Temporarily Restricted Net Assets	$ 161,895

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, 2017, was $19,977 and is included in payroll taxes and benefits on the statement of functional expenses.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK:

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.

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

In 2013, the Organization received a grant of federal funds in the amount of $33,000 under the Shelter and Support Services for Homeless Families, 2013 Program. The grant passed through the New Jersey Department of Community Affairs, Division of Housing and Community Resources. The funds were all expended on a 15-passenger van used for transportation of homeless families temporarily residing at the Organization's facility in Elizabeth, New Jersey.

The van was purchased on May 29, 2013. On each anniversary date for four years, 25% of the grant will be forgiven by the Department upon submission to the Department of a certification by the grantee that the van is being utilized for the transportation of homeless families temporarily residing at the emergency shelter. As of December 31, 2017, the grant has been completely forgiven.

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, 2017, or paid subsequent to year-end.

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

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	8/1/16-7/31/17	16-HES-103	$ 31,987	$ 26,068
Passed through:					
NJ Department of Community Affairs					
Shelter Support	14.231	11/1/15-6/30/17	2016-02149-0106-00	40,878	7,615
					33,683
Passed through:					
Union County Department of Human Services					
Community Development Block Grant (CDBG)	14.218	9/1/16-8/31/17	016-219	10,000	1,597
Community Development Block Grant (CDBG)	14.218	9/1/17-8/31/18	017-219	9,000	6,204
					7,801
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	1/1/16-12/31/16	16-CSB-102	51,322	27
Community Service Block Grant (CSBG)	93.569	1/1/17-12/31/18	17-CSB-102	29,772	29,772
					29,799

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2017

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	12/21/16-3/31/17	N/A	15,750		15,750
Emergency Food and Shelter Program	97.024	9/1/17-12/31/17	N/A	18,000		18,000
						33,750
Total Federal Awards					**$**	**105,033**

See independent auditors' report and notes to schedules of expenditures of federal and state awards.

FAMILY PROMISE, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

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	7/1/17-6/30/18	OFBI18DSP-025	$ 10,000	$ 2,259
Total State Awards				**$ 2,259**

See independent auditors' report and notes to schedules of expenditures of federal and state awards.

FAMILY PROMISE, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

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

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2017, the Organization did not provide any funds relating to their federal and state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

During the year ended December 31, 2017, 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, 2017, 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, 2017, 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 24, 2018.

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.

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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 24, 2018

FAMILY PROMISE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017

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