

**FAMILY PROMISE, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**



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# **FAMILY PROMISE, INC.**

**DECEMBER 31, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of 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, 2022, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Promise, Inc. as of December 31, 2022, 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.

### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

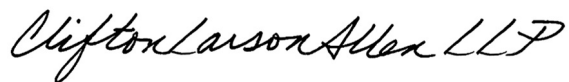
### ***Supplementary Information***

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 18-19, as required by 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 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 schedules of expenditures of federal and state awards are 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 REPORT DATE on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Organization's 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Livingston, New Jersey  
March 24, 2023

**FAMILY PROMISE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

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**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,511,980
Grants receivable	458,308
Contributions receivable	200,786
Prepaid expenses and other current assets	85,684
Total Current Assets	<u>2,256,758</u>

OTHER ASSETS:

Property and equipment, net	33,074
Cash and cash equivalents, board designated	760,800
Investments, board designated	3,204,484
Total Other Assets	<u>3,998,358</u>
	<u>\$ 6,255,116</u>

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

Accounts payable and accrued expenses	<u>\$ 443,374</u>
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NET ASSETS:

Net assets without donor restrictions	
Board-designated	3,965,284
Undesignated	1,654,529
Total net assets without donor restrictions	<u>5,619,813</u>
Net assets with donor restrictions	191,929
Total Net Assets	<u>5,811,742</u>
	<u>\$ 6,255,116</u>

**FAMILY PROMISE, INC.****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support:			
Individuals	\$ 1,180,928	\$ 6,353	\$ 1,187,281
Congregations	57,335	-	57,335
Foundations	978,247	103,963	1,082,210
Corporations	2,149,023	28,750	2,177,773
Civic organizations	12,495	-	12,495
Government grants	947,930	-	947,930
Fundraising events	8,005	-	8,005
Sales, networks, and other income	674,776	-	674,776
Contributed goods and services	381,580	-	381,580
Interest and dividends	11,449	-	11,449
Unrealized and realized loss on investments	(385,415)	-	(385,415)
Miscellaneous income	5,116	-	5,116
Net assets released from restriction	227,235	(227,235)	-
Total Revenue and Other Support	<u>6,248,704</u>	<u>(88,169)</u>	<u>6,160,535</u>
Expenses:			
Program services	6,979,819	-	6,979,819
Management and general	421,695	-	421,695
Fundraising	397,754	-	397,754
Total Expenses	<u>7,799,268</u>	<u>-</u>	<u>7,799,268</u>
Changes in Net Assets	(1,550,564)	(88,169)	(1,638,733)
NET ASSETS:			
Beginning of Year	<u>7,170,377</u>	<u>280,098</u>	<u>7,450,475</u>
End of Year	<u>\$ 5,619,813</u>	<u>\$ 191,929</u>	<u>\$ 5,811,742</u>

**FAMILY PROMISE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and related expenses	\$ 2,516,981	\$ 304,214	\$ 285,664	\$ 3,106,859
Facility rental and meals	106,660	185	174	107,019
Office supplies and expense	139,721	15,881	16,687	172,289
Utilities	22,676	2,634	2,474	27,784
Travel expenses	102,687	1,968	1,848	106,503
Insurance	20,283	2,452	2,302	25,037
Telephone	13,955	1,687	1,584	17,226
Professional fees and consultants	581,100	65,776	61,765	708,641
Rent expense	60,760	7,344	6,896	75,000
Interns and regional representatives	50,778	-	-	50,778
Transportation	12,003	-	-	12,003
Rental assistance	403,898	-	-	403,898
Emergency fund for families	517,369	-	-	517,369
Network grants and other donations	2,250,149	-	-	2,250,149
Technology	149,403	18,058	16,956	184,417
Training	11,948	-	-	11,948
Childcare and daycenter	7,072	-	-	7,072
Total Expenses before Depreciation and Amortization	6,967,443	420,199	396,350	7,783,992
Depreciation and amortization	12,376	1,496	1,404	15,276
Total Expenses	\$ 6,979,819	\$ 421,695	\$ 397,754	\$ 7,799,268



**FAMILY PROMISE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

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CASH FLOWS PROVIDED BY:

OPERATING ACTIVITIES:

Changes in net assets	\$ (1,638,733)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	15,276
Unrealized and realized loss on investments	385,415
Changes in operating assets and liabilities:	
Grants receivable	(110,500)
Accounts receivable	90,453
Prepaid expenses	(22,567)
Accounts payable and accrued expenses	215,425
Deferred revenue	(500)
Net Cash Used for Operating Activities	<u>(1,065,731)</u>

INVESTING ACTIVITIES:

Purchases of investments	(4,373,279)
Proceeds from sale of investments	2,891,458
Net Cash Used for Investing Activities	<u>(1,481,821)</u>

NET DECREASE IN CASH, CASH EQUIVALENTS,  
AND RESTRICTED CASH (2,547,552)

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH:

Beginning of year	<u>4,820,332</u>
End of year	<u>\$ 2,272,780</u>

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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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.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

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***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.

Exchange traded funds - Valued at the closing price reported in the active market in which the funds are traded.

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.

***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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

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***Property and Equipment: (Continued)***

Depreciation and amortization are provided under the straight-line method based upon the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
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, 2022, no allowance was deemed necessary.

All accounts receivable are due within one year as of December 31, 2022.

***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 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.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

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***Revenue Recognition:***

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:***

The Organization receives voluntary donations of goods and services. Amounts are reported in the financial statements for voluntary donations of services when those services 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.

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 the accompanying 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, 2022. At December 31, 2022, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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

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***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.

***Subsequent Events:***

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2022, through REPORT DATE, the date that the financial statements were available to be issued.

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**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:**

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The following represents the Organization's financial assets at December 31, 2022, reduced by amounts not available for general use within one year of the statement of financial position date due to contractual or donor-imposed restrictions or internal designations. Internal designations include amounts set aside by the Board of Trustees available to be drawn upon pending Board approval.

	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 2,272,780
Grants receivable	458,308
Contributions receivable	200,786
Investments	3,204,484
Total financial assets	<u>6,136,358</u>
Less amounts not available to be used within one year:	
Board-designated net assets	(3,965,284)
Net assets with donor restrictions	(191,929)
	<u>(4,157,213)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,979,145</u>

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 \$3,965,284, which can be released with approval by the Board of Trustees.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 4 - INVESTMENTS:**

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Investments are categorized as follows:

	<b>Fair Value Measurements as of December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds	\$ 1,330,369	\$ -	\$ -	\$ 1,330,369
Equities	1,672,094	-	-	1,672,094
Exchange traded funds	202,021	-	-	202,021
Investments at Fair Value	<u>\$ 3,204,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,204,484</u>

**NOTE 5 - PROPERTY AND EQUIPMENT:**

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Property and equipment consists of the following:

	<b>December 31, 2022</b>
Leasehold improvements	\$ 751,548
Office equipment and furniture	395,414
Website	45,140
Transportation equipment	<u>84,535</u>
	1,276,637
Less: Accumulated depreciation	<u>(1,243,563)</u>
Property and Equipment, Net	<u>\$ 33,074</u>

**NOTE 6 - COMMITMENTS AND CONTINGENCIES:**

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**Leases:**

The Organization rented space beginning in February 1999 on the second floor of a facility in downtown Summit, New Jersey, under an operating lease. In June 2005, the Organization leased additional space on the first floor of the facility. The lease agreements expired on December 31, 2019, and the original security deposit was refunded to the Organization in 2020. The Organization transferred their purchasing rights to another nonprofit organization that purchased the building in February 2020. A Board member of the Organization is also the President of the nonprofit organization that purchased the building. The two organizations are therefore considered related parties. The Organization has occupied the space rent-free throughout 2022. Rent expense, including donated rent, for the year ended December 31, 2022, amounted to \$75,000.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 6 - COMMITMENTS AND CONTINGENCIES: (Continued)**

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***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 continues to occupy the leased premises rent-free. The Organization is 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.

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**NOTE 7 - BOARD-DESIGNATED NET ASSETS:**

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During the year ended December 31, 2022, the Organization established an operating reserve fund to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. Withdrawal from this fund requires approval from the Organization’s Board of Trustees.

During the year ended December 31, 2022, The Organization also established the Future Stability Fund to ensure the stability of the mission, programs, employment, and ongoing operations of the organization. Withdrawal of earnings from this fund requires approval from the Organization’s Board of Trustees.

Board-designated net assets as of December 31, 2022 are as follows:

Operating reserve fund	\$ 2,149,923
Future stability fund	1,815,361
Total Board-Designated Net Assets	<u>\$ 3,965,284</u>



**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:**

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Net assets with donor restrictions comprised the following:

	<b>December 31, 2022</b>
Florida affiliate programming	\$ 25,000
New Jersey affiliate programming	10,000
Black Hills affiliate development	284
Affiliate shelter diversion	6,018
Car purchases	5,293
Diversity, equity, inclusion, and accessibility	10,000
Equipment purchases	8,912
Open table	24,033
Affiliate grants	28,750
Home is where the art is	776
Credit repair staff training	52,863
Future Begins at Home	20,000
Total Net Assets With Donor Restrictions	<u>\$ 191,929</u>

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

	<b>Year Ended December 31, 2022</b>
Florida affiliate programming	\$ 25,000
New Jersey affiliate programming	10,000
California affiliate programming	6,250
Housing for Change Marketing	13,204
Family Promise – Greater Ft. Hood	15,000
Credit repair staff training	22,137
Hurricane Ida relief	66,894
Family wellness counseling and workshops	30,000
Affiliate grants	13,750
Future Begins at Home	25,000
Total Net Assets Released from Restrictions	<u>\$ 227,235</u>

**NOTE 9 - RETIREMENT PLAN:**

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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, 2022, was \$70,019 and is included in salaries and related expenses on the statement of functional expenses.

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 10 - CONCENTRATIONS:**

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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.

At December 31, 2022, approximately 16% of revenue was received from one donor.

**NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS:**

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Contributed nonfinancial assets received during the year ended December 31, 2022 consisted of the following:

	<b>Year Ended December 31, 2022</b>
Gift cards distributed to clients	\$ 22,768
Meals, clothing, toys, and personal care products	74,050
Furniture	86,515
Professional services	123,247
Rent	75,000
Total Contributed Nonfinancial Assets	<u>\$ 381,580</u>

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

<b>Contributed Nonfinancial Asset</b>	<b>Valuation Techniques and Inputs</b>
Gift cards distributed to clients	Estimated based on estimates of retail values for similar products
Meals, clothing, toys, and personal care products	Estimated based on estimates of retail values for similar products
Furniture	Estimated based on estimates of retail values for similar products
Professional services	Estimated based on estimates of retail values for similar products
Rent	Estimated based on rental rates for similar properties in the same geographical market

**FAMILY PROMISE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS: (Continued)**

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The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. All gifts-in-kind received by the Organization for the year ended December 31, 2022 were considered without donor restrictions and able to be used by the Organization as determined by management.

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**NOTE 12 - FUNCTIONAL EXPENSES:**

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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.

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**NOTE 13 - TAXES:**

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All required tax returns have been timely filed and taxes (including, but not limited to, payroll taxes) were either paid prior to December 31, 2022, or paid subsequent to year-end.

**FAMILY PROMISE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor Pass-through Grantor Program Title</b>	<b>Federal ALN</b>	<b>Grant Period</b>	<b>Pass-through Grantor's Number</b>	<b>Award Amount</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>United States Department of Housing and Urban Development</b>						
<u>Passed through:</u>						
Union County Department of Human Services						
HEARTH Emergency Solutions (HES)	14.231	08/01/22-07/31/23	20-HESC-103	\$ 46,625	\$ 11,381	\$ -
HEARTH Emergency Solutions (HES) CARES Act	14.231	03/09/20-03/03/23	20-HESC-103	337,719	168,700	-
					<u>180,081</u>	<u>-</u>
<u>Passed through:</u>						
Union County Department of Human Services						
Division of Community Services						
Community Development Block Grant (CDBG)	14.218	09/01/21-08/31/22	021-219	8,000	3,544	-
Community Development Block Grant (CDBG)	14.218	09/01/22-08/31/23	022-219	8,000	5,063	-
					<u>8,607</u>	<u>-</u>
<b>United States Department of Health and Human Services</b>						
<u>Passed through:</u>						
NJ Department of Community Affairs						
Union County Department of Human Services						
Community Service Block Grant (CSBG)						
CARES Act Grant	93.569	04/01/20-07/31/22	20-CSB-102	97,875	36,083	-
Community Service Block Grant (CSBG)	93.569	01/01/22-12/31/22	22-CSB-100	32,265	32,265	-
					<u>68,348</u>	<u>-</u>
<b>United States Department of Treasury</b>						
<u>Passed through:</u>						
NJ Department of Community Affairs						
Eviction Diversion Initiative	21.023	01/01/22-12/31/22	2022-05274-0209-01	375,000	375,000	368,411
<b>Total Federal Awards</b>					<u><b>\$ 632,036</b></u>	<u><b>\$ 368,411</b></u>

**FAMILY PROMISE, INC.**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

State Grantor Pass-through Grantor Program Title	Grant Period	Pass-through Grantor's Number	Award Amount	Expenditures
<b>New Jersey Department of Human Services</b>				
<u>Passed through:</u>				
Union County Department of Human Services Social Services for the Homeless Grant (SSH)	01/01/22-12/31/22	22-SSH-103	\$ 17,250	<u>\$ 17,250</u>
<b>Total State Awards</b>				<b><u>\$ 17,250</u></b>

**FAMILY PROMISE, INC.**  
NOTES TO SCHEDULES OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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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 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.

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**NOTE 2 - SUBRECIPIENTS:**

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During the year ended December 31, 2022, the Organization provided funds relating to their federal programs to subrecipients in the amount of \$368,411. During the year ended December 31, 2022, the Organization did not provide any funds relating to their state programs to subrecipients.

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**NOTE 3 - INDIRECT COSTS:**

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During the year ended December 31, 2022, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to its federal or state programs.

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**NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:**

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As of December 31, 2022, the Organization did not have any loan or loan guarantee programs.



## **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**

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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, 2022, 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 .

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing 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.

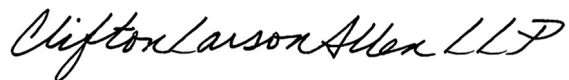
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Livingston, New Jersey  
March 24, 2023



**FAMILY PROMISE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2022**

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**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             No
- Significant deficiencies identified that are not considered to be material weaknesses?             Yes             No

Noncompliance material to financial statements noted?             Yes             No