

FAMILY PROMISE OF ESSEX COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

FAMILY PROMISE OF ESSEX COUNTY, INC.

DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Family Promise of Essex County, Inc.
Montclair, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Family Promise of Essex County, Inc. (Formerly known as Interfaith Hospitality Network for the Homeless of Essex County, Inc.) (“Organization”), a New Jersey 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 the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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

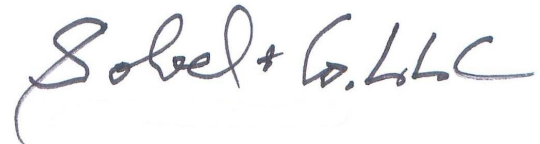
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IHN as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Organization adopted Financial Accounting Standards Board, *Revenue from Contracts with Customers* and *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as described in Note 2, during the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized, Comparative Information

We have previously audited IHN's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 4, 2019. In our opinion, the summarized, comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Livingston, New Jersey
November 13, 2020

FAMILY PROMISE OF ESSEX COUNTY, INC.
(FORMERLY KNOWN AS INTERFAITH HOSPITALITY NETWORK
FOR THE HOMELESS OF ESSEX COUNTY, INC.)
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 117,950	\$ 132,032
Restricted cash	158	156
Pledges receivable, short-term	116,151	161,609
Contributions receivable	20,000	20,000
Grants receivable	86,872	67,224
Accounts receivable	9,000	7,500
Prepaid expenses	16,280	14,518
Total Current Assets	366,411	403,039
PROPERTY AND EQUIPMENT, NET	7,960	18,069
PLEDGES RECEIVABLE, LONG-TERM, NET	42,533	133,786
SECURITY DEPOSITS	2,500	2,500
	\$ 419,404	\$ 557,394
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 49,882	\$ 8,171
Deferred revenue	12,375	23,130
Total Current Liabilities	62,257	31,301
NET ASSETS:		
Without Donor Restrictions	290,114	302,307
With Donor Restrictions	67,033	223,786
Total Net Assets	357,147	526,093
	\$ 419,404	\$ 557,394

FAMILY PROMISE OF ESSEX COUNTY, INC.
(FORMERLY KNOWN AS INTERFAITH HOSPITALITY NETWORK
FOR THE HOMELESS OF ESSEX COUNTY, INC.)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2019

(With Summarized, Comparative Totals for the Year Ended December 31, 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2019	TOTAL 2018
SUPPORT AND REVENUE				
Contributions:				
Individuals	\$ 135,878	\$ 7,038	\$ 142,916	\$ 259,207
Foundations	100,232	-	100,232	127,547
Religious organizations	16,941	-	16,941	31,418
Business organizations	12,937	-	12,937	25,721
Community groups	3,202	-	3,202	8,457
Government grants	306,232	-	306,232	288,946
Donated services and materials	32,308	-	32,308	43,411
Program service and other revenue	15,006	-	15,006	9,003
Special Events:				
Special events contributions	74,408	-	74,408	2,033
Special events revenue	88,917	-	88,917	15,137
Less: Costs of direct benefits to donors	(43,571)	-	(43,571)	(2,718)
Special events, net	119,754	-	119,754	14,452
Total Support and Revenue	742,490	7,038	749,528	808,162
NET ASSETS RELEASED FROM RESTRICTIONS	163,791	(163,791)	-	-
EXPENSES				
Program services	741,550	-	741,550	702,886
Management and general	81,746	-	81,746	120,757
Fundraising	95,178	-	95,178	97,836
Total Expenses	918,474	-	918,474	921,479
CHANGES IN NET ASSETS	(12,193)	(156,753)	(168,946)	(113,317)
NET ASSETS - Beginning of year	302,307	223,786	526,093	639,410
NET ASSETS - End of year	\$ 290,114	\$ 67,033	\$ 357,147	\$ 526,093

The accompanying notes are an integral part of these financial statements.

FAMILY PROMISE OF ESSEX COUNTY, INC.
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FOR THE HOMELESS OF ESSEX COUNTY, INC.)

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

(With Summarized, Comparative Totals for the Year Ended December 31, 2018)

	Program Expenses	Supporting Services		2019 Total	2018 Total
		Management and General	Fundraising		
SALARIES AND RELATED EXPENSES:					
Salaries	\$ 252,578	\$ 25,262	\$ 51,528	\$ 329,368	\$ 295,222
Payroll taxes	20,171	2,394	4,290	26,855	24,075
Employee benefits	19,479	1,955	3,962	25,396	31,042
	<u>292,228</u>	<u>29,611</u>	<u>59,780</u>	<u>381,619</u>	<u>350,339</u>
OTHER EXPENSES:					
Client services	318,092	-	-	318,092	288,841
Professional fees	31,921	3,205	6,492	41,618	65,015
Insurance	12,258	1,142	2,313	15,713	17,185
Office rent and utilities	32,582	4,440	7,470	44,492	42,406
Building repair and maintenance	-	-	-	-	778
Office supplies and expenses	19,878	1,994	4,128	26,000	26,116
Telecommunications	18,044	1,811	3,670	23,525	18,214
Fundraising costs	-	-	7,775	7,775	36,454
Dues and subscriptions	1,227	123	250	1,600	1,562
Bad debt expense	-	37,618	-	37,618	54,032
Travel and transportation	1,943	191	387	2,521	2,269
Staff development	5,976	600	1,215	7,791	7,019
	<u>734,149</u>	<u>80,735</u>	<u>93,480</u>	<u>908,364</u>	<u>910,230</u>
Total Expenses before Depreciation					
Depreciation	7,401	1,011	1,698	10,110	11,249
	<u>741,550</u>	<u>81,746</u>	<u>95,178</u>	<u>918,474</u>	<u>921,479</u>
Total Expenses					

The accompanying notes are an integral part of these financial statements.

FAMILY PROMISE OF ESSEX COUNTY, INC.
(FORMERLY KNOWN AS INTERFAITH HOSPITALITY NETWORK
FOR THE HOMELESS OF ESSEX COUNTY, INC.)
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2019	2018
CASH FLOWS (USED FOR) PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (168,946)	\$ (113,317)
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation expense	10,110	11,249
Bad debt expense	37,618	54,032
Discount on pledges receivable	(9,652)	(8,367)
Changes in certain assets and liabilities:		
Pledges receivable	108,745	48,857
Contributions receivable	-	51,418
Grants receivable	(19,648)	51,276
Accounts receivable	(1,500)	(1,500)
Prepaid expenses	(1,763)	(12,779)
Accounts payable and accrued expenses	41,711	365
Deferred revenue	(10,755)	23,130
Net Cash (Used for) Provided by Operating Activities	(14,080)	104,364
<u>FINANCING ACTIVITIES:</u>		
Borrowings on line of credit	51,330	10,000
Repayment of line of credit	(51,330)	(10,000)
Net Cash Used for Financing Activities	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVILENTS, AND RESTRICTED CASH	(14,080)	104,364
CASH AND CASH EQUIVILENTS AND RESTRICTED CASH, Beginning of year	132,188	27,824
CASH AND CASH EQUIVILENTS AND RESTRICTED CASH, End of year	\$ 118,108	\$ 132,188
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Interest paid	\$ 545	\$ 123

FAMILY PROMISE OF ESSEX COUNTY, INC.
(FORMERLY KNOWN AS INTERFAITH HOSPITALITY NETWORK FOR THE
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION:

Established in 1987, Family Promise of Essex County, Inc. (“Organization”) (formerly known as Interfaith Hospitality Network for the Homeless of Essex County, Inc.) is a nondenominational organization based in Montclair, New Jersey, that provides shelter, direct social services, and housing assistance so homeless and “at risk” families in Essex County can find and sustain a home. Through the Congregational Shelter Program, local congregations and their volunteers provide temporary, overnight lodging and meals for homeless families. While families are in the shelter program, the Organization provides intensive case management services to help each family establish a goal-driven plan to overcome homelessness. The Organization assists families with safe, affordable, permanent or transitional housing and provides services to families after they leave the shelter program, helping them transition to self-reliance and stability. The Organization provides educational and enrichment programs for children and adults in shelter and housing.

The Organization is also an experienced service provider of foundation and government social services grant programs, providing homeless prevention services and education programs to shelter families, and to the “at risk” children and families of Essex County at large.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity 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 statements of activities and changes in net assets as net assets released from restrictions.

FAMILY PROMISE OF ESSEX COUNTY, INC.
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

Cash consists of funds maintained in checking, savings and money market accounts. Certificates of deposit with maturities of three months or less when purchased are considered to be cash equivalents.

Restricted Cash:

Restricted cash includes separate accounts required to be maintained for the following grants: Emergency Shelter Grant Rapid Re-housing, Emergency Shelter Grant Shelter Operations, and Community Development Block Grant.

Pledges Receivable:

Pledges receivable are recognized as revenue in the period received at fair value if they are unconditional promises. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The Organization charges uncollectible pledges receivable to operations when determined to be uncollectible based on historical trends. The allowance for uncollectible pledges has been reviewed by management and it has been determined to be adequate. At December 31, 2019 and 2018, the allowance for uncollectible pledges receivable was \$24,500 and \$30,900, respectively.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances for these program receivables. The Organization charges uncollectible receivables to operations when determined to be uncollectible. Management has reviewed the balance and determined that an allowance of zero is adequate based on historical trends.

Property and Equipment:

Property and equipment are stated at cost, or, if donated, at the fair market value at the date of gift. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Estimated Useful Life</u>
Transportation equipment	5-7 years
Leasehold improvements	3-4 years
Furniture and equipment	10 years

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

Contributions and Revenue Recognition:

In May 2014, the Financial Accounting Standards Board (“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 organization 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, the first day of the Organization’s fiscal year 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, however, various amounts were reclassified to conform to the new pronouncement.

The Organization derives a significant portion of its revenue from a special event. The direct benefit to donors of the special event is recognized as revenue in the financial statements. The direct benefit to donors is an amount that reflects the consideration the Organization expects to be entitled to in exchange for the event. For the performance obligation relating to the direct benefit to donors, control transfers to the client at a point in time when the event takes place. There are no significant financing components or variable considerations provided to clients.

The Organization adopted the FASB, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during the year ended December 31, 2019. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions and Revenue Recognition: (Continued)

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Contributions receivable are receivables that the Organization expects to be collected within one year and are recorded at their net realizable value. The Organization charges uncollectible receivables to fundraising when determined to be uncollectible. The allowance for uncollectible receivables has been reviewed by management and it has been determined that no allowance is necessary based on historical collection trends.

Funds received from various state and local agencies represent conditional contributions 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. Grants receivable represent amounts due to the Organization from governmental agencies for expenditures incurred during the years ended December 31, 2019 and 2018. Deferred revenue represents funds received which have not been expended at year-end. At December 31, 2019 and 2018, deferred revenue was \$12,375 and \$23,130, respectively.

Income Taxes:

The Organization is exempt from federal and state income taxes, under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows 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 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. the Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2019 or 2018. At December 31, 2019 and 2018, there were no significant income tax uncertainties and penalties, disclosures or transitions. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services and Materials:

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 that typically would be purchased if not provided by donation. The Organization also received additional donated materials and meals of \$30,654 and \$18,411 for the years ending December 31, 2019 and 2018, respectively, which are recorded in the accompanying statements of activities and changes in net assets. In 2018, the Organization recognized an additional \$25,000 of donated consulting services from Harvard Business School.

Advertising:

The Organization expenses advertising costs as they are incurred.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. 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 balance sheet for all leases with a term longer than 12 months. Under this pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of the initial application. The effective date for the pronouncement is for periods beginning after December 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

Reclassifications:

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. This had no effect on the changes in net assets.

Summarized, Comparative Information:

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

FAMILY PROMISE OF ESSEX COUNTY, INC.
(FORMERLY KNOWN AS INTERFAITH HOSPITALITY NETWORK FOR THE
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2019 through November 13, 2020, the date that the financial statements were available to be issued.

NOTE 3 - PLEDGES RECEIVABLE:

All pledged commitments have been made for the benefit of homeless families.

Pledges are expected to be received as follows:

	December 31,	
	2019	2018
In less than one year	\$ 116,151	\$ 161,609
In one to five years	68,751	176,056
Pledges receivable	184,902	337,665
Less: Allowance for uncollectible pledges	(24,500)	(30,900)
Less: Unamortized discount	(1,718)	(11,370)
Net Pledges Receivable	<u>\$ 158,684</u>	<u>\$ 295,395</u>

Pledges receivable with due dates extending beyond one year are discounted using rates at December 31, 2019 and 2018, of 1.50% and 4.00%, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2019	2018
Transportation equipment	\$ 36,654	\$ 36,654
Leasehold improvements	29,122	29,122
Furniture and equipment	35,345	35,344
	101,121	101,120
Less: Accumulated depreciation	(93,161)	(83,051)
	<u>\$ 7,960</u>	<u>\$ 18,069</u>

FAMILY PROMISE OF ESSEX COUNTY, INC.
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NOTE 5 - LINE OF CREDIT:

The Organization has a revolving line of credit with a financial institution that expired on April 1, 2020, which was not renewed. The remaining balance that was outstanding as of April 1, 2020 was converted to a note payable with the bank. The note is payable in payments of \$939.43 with fixed interest rate of 4.75% and a maturity date of April 1, 2025. Portions of this line of credit in the amount of \$50,000 were drawn down during 2019 and 2018, but the outstanding balance was paid in full as of December 31, 2019 and 2018. Bank advances on the line of credit are payable on demand and carry an interest rate of 1.25% over the prime rate as published in the Wall Street Journal. Under no circumstances will the interest rate be less than 4.75% as of December 31, 2019. The line of credit is unsecured.

NOTE 6 - OPERATING LEASES:

The Organization has an operating lease for office space that expired August 31, 2019. After expiration of the lease, the Organization continued to use the office space on a monthly basis. There is no agreement in excess of one month as of the report date.

Rental expense under this operating lease for the years ended December 31, 2019 and 2018, was \$44,082 and \$42,406, respectively, and included in office rent and utilities on the statement of functional expenses.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTION:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	December 31,	
	2019	2018
Purchase of furniture and equipment	\$ 1,348	\$ 364
Camps	1,200	1,200
Purchase of holiday gifts for clients	139	360
Expired time restrictions on pledges received	161,104	204,002
	<u>\$ 163,791</u>	<u>\$ 205,926</u>

FAMILY PROMISE OF ESSEX COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

The following net assets with donor restrictions are available for the following purposes:

	December 31,	
	2019	2018
Purchase of furniture and equipment	\$ -	\$ 1,348
Time restriction on pledges receivable	67,033	222,438
	<u>\$ 67,033</u>	<u>\$ 223,786</u>

NOTE 9 - FUNCTIONAL EXPENSES:

Costs of providing the Organization's program services, management and general, and fundraising activities are separately summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among program services, management and general, and fundraising activities benefited. 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. Client services and bad debt expense are based on the direct-costing method. All other expenses are based on time and effort.

NOTE 10 - CONCENTRATIONS OF RISK:

Support and Revenue:

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received approximately 39% and 36% for the years ended December 31, 2019 and 2018, respectively, from government grants. A material reduction of such support could have a significant impact on the Organization's operations. Management, however, does not expect that its support will be materially reduced. The Organization is also subject to audits by certain state and federal agencies which may result in findings based on various issues. Anticipation of potential audit results is currently not determinable. Accordingly, no accruals have been recorded in the financial statements for any adjustments that might be required based on potential future audits.

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NOTE 10 - CONCENTRATIONS OF RISK: (Continued)

Legal:

The Organization is involved with certain claims and other routine litigation matters in the normal course of operations. In the opinion of management, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on the Organization's financial position or results of operations.

NOTE 11 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets at December 31, 2019 and 2018, 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 available include donor-restricted amounts that are available for general expenditure in the following year.

	2019	2018
Cash and cash equivalents - unrestricted	\$ 117,950	\$ 132,032
Pledges receivable, short-term	116,151	161,609
Contributions receivable	20,000	20,000
Grants receivable	86,872	67,224
Accounts receivable	9,000	7,500
Total financial assets	<u>349,973</u>	<u>388,365</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(67,033)	(223,786)
Estimated releases	40,508	-
	<u>(26,525)</u>	<u>(223,786)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 323,448</u>	<u>\$ 164,579</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures and liabilities come due.

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HOMELESS OF ESSEX COUNTY, INC.)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 12 - SUBSEQUENT EVENTS:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable 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 Organization obtained a Paycheck Protection Program loan under the CARES Act in April, 2020 for approximately \$75,000. This loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. The Organization may receive partial or full forgiveness of the debt if it maintains its employee count as well as salary levels during such specified period. Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred until January 2021 and are payable with interest at 1%, through 2025. The loan is uncollateralized and guaranteed by the Small Business Administration.

The Organization obtained an Economic Injury Disaster Loan in June 2020 for \$150,000. The loan is payable in monthly installments of \$641 beginning in June 2021, including interest at 2.75% through June 2050. The loan is collateralized by substantially all of the Organization's assets.

During March 2020, the Organization formally changed its name from Interfaith Hospitality Network for the Homeless of Essex County, Inc. to Family Promise of Essex County, Inc.