

FAMILY PROMISE OF ESSEX COUNTY, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021 AND 2020



SobelCo

Certified Public Accountants & Advisors

FAMILY PROMISE OF ESSEX COUNTY, INC.

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Family Promise of Essex County, Inc. ("Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, 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 of Essex County, Inc. as of December 31, 2021, 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 schedule of expenditures of federal and state awards on page 18, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08 is presented for purposes of additional analysis and is 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 schedule of expenditures of federal and state awards 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 September 6, 2022, 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.

Report on Summarized, Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2021. In our opinion, the summarized, comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Livingston, New Jersey
September 6, 2022

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 680,720	\$ 575,891
Pledges receivable, short-term, net	20,628	40,159
Contributions receivable	35,000	15,000
Grants receivable	121,546	83,165
Prepaid expenses	5,690	15,373
Total Current Assets	863,584	729,588
PROPERTY AND EQUIPMENT, NET	3,522	1,960
PLEDGES RECEIVABLE, LONG-TERM, NET	9,584	26,944
SECURITY DEPOSITS	2,500	2,500
	\$ 879,190	\$ 760,992
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 40,276	\$ 17,745
Deferred revenue	-	40,523
Refundable advance	-	75,245
Total Current Liabilities	40,276	133,513
LONG-TERM DEBT:		
Notes payable	149,900	149,900
Total Liabilities	190,176	283,413
NET ASSETS:		
Without Donor Restrictions	647,034	437,684
With Donor Restrictions	41,980	39,895
Total Net Assets	689,014	477,579
	\$ 879,190	\$ 760,992

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

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021
(With Summarized, Comparative Totals for the Year Ended December 31, 2020)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2021	TOTAL 2020
SUPPORT AND REVENUE				
Contributions:				
Individuals	\$ 291,038	\$ 2,550	\$ 293,588	\$ 328,142
Foundations	174,975	65,000	239,975	167,706
Religious organizations	37,162	-	37,162	42,827
Business organizations	55,271	-	55,271	61,860
Community groups	3,300	-	3,300	540
Government grants	405,145	-	405,145	276,415
Donated services and materials	32,040	-	32,040	14,624
Program service and other revenue	12,790	-	12,790	10,498
Total Support and Revenue	<u>1,011,721</u>	<u>67,550</u>	<u>1,079,271</u>	<u>902,612</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>65,465</u>	<u>(65,465)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services	712,600	-	712,600	625,793
Management and general	41,935	-	41,935	60,546
Fundraising	113,301	-	113,301	95,841
Total Expenses	<u>867,836</u>	<u>-</u>	<u>867,836</u>	<u>782,180</u>
CHANGES IN NET ASSETS	<u>209,350</u>	<u>2,085</u>	<u>211,435</u>	<u>120,432</u>
NET ASSETS - Beginning of year	<u>437,684</u>	<u>39,895</u>	<u>477,579</u>	<u>357,147</u>
NET ASSETS - End of year	<u>\$ 647,034</u>	<u>\$ 41,980</u>	<u>\$ 689,014</u>	<u>\$ 477,579</u>

FAMILY PROMISE OF ESSEX COUNTY, INC.**STATEMENTS OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2021

(With Summarized, Comparative Totals for the Year Ended December 31, 2020)

	Program Expenses	Supporting Services		2021 Total	2020 Total
		Management and General	Fundraising		
SALARIES AND RELATED EXPENSES:					
Salaries	\$ 223,529	\$ 24,027	\$ 60,393	\$ 307,949	\$ 289,050
Payroll taxes	19,174	2,061	5,181	26,416	23,581
Employee benefits	10,750	1,155	2,904	14,809	16,798
	<u>253,453</u>	<u>27,243</u>	<u>68,478</u>	<u>349,174</u>	<u>329,429</u>
OTHER EXPENSES:					
Client services	331,797	-	-	331,797	256,092
Professional fees	44,186	4,749	11,938	60,873	51,541
Insurance	11,468	1,233	3,098	15,799	18,704
Office rent and utilities	31,683	4,328	7,271	43,282	43,282
Office supplies and expenses	23,226	2,602	8,053	33,881	21,297
Telecommunications	14,091	1,477	4,616	20,184	22,360
Fundraising costs	-	-	9,136	9,136	15,405
Dues and subscriptions	2,267	244	613	3,124	2,135
Bad debt expense	-	-	-	-	15,935
	<u>712,171</u>	<u>41,876</u>	<u>113,203</u>	<u>867,250</u>	<u>776,180</u>
Total Expenses before Depreciation					
Depreciation	429	59	98	586	6,000
	<u>429</u>	<u>59</u>	<u>98</u>	<u>586</u>	<u>6,000</u>
Total Expenses	<u>\$ 712,600</u>	<u>\$ 41,935</u>	<u>\$ 113,301</u>	<u>\$ 867,836</u>	<u>\$ 782,180</u>

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

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 211,435	\$ 120,432
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	586	6,000
Bad debt expense	-	15,935
Discount on pledges receivable	-	600
Forgiveness of Paycheck Protection Plan Loan	(129,622)	-
Changes in certain assets and liabilities:		
Pledges receivable	36,891	75,046
Contributions receivable	(20,000)	5,000
Grants receivable	(38,381)	3,707
Accounts receivable	-	9,000
Prepaid expenses	9,683	907
Accounts payable and accrued expenses	22,531	(32,137)
Deferred revenue	(40,523)	28,148
Refundable advance	-	75,245
Net Cash Provided by Operating Activities	<u>52,600</u>	<u>307,883</u>
<u>INVESTING ACTIVITIES:</u>		
Acquisition of property and equipment	(2,148)	-
<u>FINANCING ACTIVITIES:</u>		
Borrowings on line of credit	-	50,000
Repayment of line of credit	-	(50,000)
Proceeds from notes payable	-	149,900
Proceeds from Paycheck Protection Plan Loan	54,377	-
Net Cash Provided by Financing Activities	<u>54,377</u>	<u>149,900</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	104,829	457,783
CASH AND CASH EQUIVALENTS, Beginning of year	575,891	118,108
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 680,720</u>	<u>\$ 575,891</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Interest paid	<u>\$ 6,184</u>	<u>\$ 1,344</u>
Paycheck Protection Program Loan Forgiveness	<u>\$ 129,622</u>	<u>\$ -</u>

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. Working with community groups, congregations and volunteers, the Organization provides temporary emergency shelter 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 statement of activities and changes in net assets as net assets released from restrictions.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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.

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, 2021 and 2020, the allowance for uncollectible pledges receivable was \$12,000 and \$30,000, respectively.

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

Contributions:

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 statement 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.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Contributions: (Continued)

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, 2021 and 2020. Deferred revenue represents funds received that have not been expended at year-end. At December 31, 2021 and 2020, deferred revenue was \$-0- and \$40,523, respectively.

Revenue Recognition:

The Organization occasionally derives a 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.

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.

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 2021 or 2020. At December 31, 2021 and 2020, 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.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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. During the year ended December 31, 2021, the Organization received donated services in the amount of \$13,970. The Organization also received donated materials and meals of \$16,416 and \$12,970 for the years ending December 31, 2021 and 2020, respectively. The Organization also received donated rent in the amount of \$1,654 for the years ending December 31, 2021 and 2020.

Advertising:

The Organization expenses advertising costs as they are incurred.

Recent Accounting Pronouncements:

In February 2016, the Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

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, 2020, from which the summarized information was derived.

Reclassifications:

Certain amounts have been reclassified in the 2020 financial statements to conform to the 2021 presentation.

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2021 through September 6, 2022, the date that the financial statements were available to be issued.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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,	
	2021	2020
In less than one year	\$ 32,628	\$ 70,159
In one to five years	9,584	27,544
Pledges receivable	<u>42,212</u>	<u>97,703</u>
Less: Allowance for uncollectible pledges	(12,000)	(30,000)
Less: Unamortized discount	-	(600)
Net Pledges Receivable	<u>\$ 30,212</u>	<u>\$ 67,103</u>

Pledges receivable with due dates extending beyond one year are discounted using a rate at December 31, 2020, of 1.5%. The pledge discount, at December 31, 2021, was not considered material.

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2021	2020
Transportation equipment	\$ 36,654	\$ 36,654
Leasehold improvements	29,122	29,122
Furniture and equipment	<u>23,738</u>	<u>35,345</u>
	89,514	101,121
Less: Accumulated depreciation	(85,992)	(99,161)
	<u>\$ 3,522</u>	<u>\$ 1,960</u>

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 - OPERATING LEASES:

The Organization has an operating lease for equipment that will expire on September 28, 2026. Rental expense under this lease for the year ended December 31, 2021, was \$1,331, and is included in office supplies and expenses on the statement of functional expenses.

Future minimum lease payments are as follows:

Year Ended December 31,	Amount
2022	\$ 2,259
2023	2,259
2024	2,259
2025	2,259
2026	1,694
	<u>\$ 10,730</u>

NOTE 6 - NET ASSETS RELEASED FROM RESTRICTION:

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

	Year Ended December 31,	
	2021	2020
Purchase of furniture and equipment	\$ 7,834	\$ -
Camps	2,649	-
Montclair residents	36,551	13,449
Special gifts	1,071	2,177
Expired time restrictions on pledges received	17,360	40,089
	<u>\$65,465</u>	<u>\$ 55,715</u>

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	December 31,	
	2021	2020
Special gifts	\$ 230	\$ 150
Camps	-	1,250
Montclair residents	25,000	11,551
Purchase of furniture and equipment	7,166	-
Time restriction on pledge receivable	9,584	26,944
Total Net Assets With Donor Restriction	<u>\$41,980</u>	<u>\$39,895</u>

NOTE 8 - FUNCTIONAL EXPENSES:

Costs of providing the Organization's program services, 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 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 9 - CONCENTRATIONS OF RISK:

Support and Revenue:

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received approximately 38% and 31% for the years ended December 31, 2021 and 2020, 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.

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.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in April 2020 for \$75,245. The Organization also received a second round of PPP funding in March 2021 for \$54,377. Under the terms of the PPP, loans and accrued interest are forgivable after 24 weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the forgiveness period.

The Organization recorded the \$129,622 received as a conditional government grant and recognized revenue when the Organization satisfied the conditions set forth by the U.S. Small Business Administration. The Organization received full forgiveness from the Small Business Administration as of December 31, 2021. All amounts received under the PPP were recognized as government grants on the statement of activities and changes in net assets.

NOTE 11 - LOANS PAYABLE:

Loans payable consists of the following:

	December 31 ,	
	2021	2020
The Organization secured an economic injury disaster loan from the Small Business Administration, which is to be used for working capital purposes. The loan is payable over 30 years, beginning thirty months after the loan date. Interest accrues at a rate of 2.75%. Installment payments, including interest and principal, are due monthly beginning January 27, 2023, in the amount of \$641. The loan is collateralized with all of the Organization's tangible assets.	<u>\$ 149,900</u>	<u>\$ 149,900</u>

As of December 31, 2021, the Organization recorded \$6,184 in interest which represents the interest that is accruing on the loan while loan payments are deferred. Such amount is included in accounts payable and accrued expenses on the statement of financial position.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 11 - LOANS PAYABLE:

Maturity of loan for each of the next five years and thereafter is as follows:

Year Ended December 31,	Amount
2022	\$ -
2023	3,615
2024	3,716
2025	3,819
2026	3,926
Thereafter	134,824
Total	<u>\$ 149,900</u>

NOTE 12 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets at December 31, 2021 and 2020, 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.

	December 31, 2021	2020
Cash and cash equivalents	\$ 680,720	\$ 575,891
Pledges receivable, short-term	20,628	40,160
Contributions receivable	35,000	15,000
Grants receivable	121,546	83,165
Total financial assets	<u>857,894</u>	<u>714,216</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(41,980)	(39,895)
Estimated releases	6,384	37,745
	<u>(35,596)</u>	<u>(2,150)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 822,298</u>	<u>\$ 712,066</u>

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

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 13 - RISKS AND UNCERTAINTIES:

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.

FAMILY PROMISE OF ESSEX COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

Grantor / Program Title	Federal CFDA Number	Contract Number	Contract Amount	Current Year Expenditures
FEDERAL AWARDS				
United States Department of Housing and Urban Development				
Passed Through Essex County Division of Housing and Community Development:				
Emergency Shelter Grant Shelter Operations	14.231	E-20-UC-34-0014	\$ 26,500	\$ 25,570
Emergency Shelter Grant Shelter Operations	14.231	E-21-UC-34-0014	26,000	5,018
Emergency Shelter Grant Rapid Re-Housing	14.231	E-19-UC-34-0014	70,000	1,340
Emergency Shelter Grant Rapid Re-Housing	14.231	E-20-UC-34-0014	70,000	35,964
Emergency Shelter Grant Rapid Re-Housing	14.231	E-19-UC-34-0014	44,975	11,383
Emergency Shelter Grant COVID	14.231	E-21-UC-34-0014	225,000	19,428
			462,475	98,703
Community Development Block Grant	14.218	B-20-UC-34-0101	24,500	10,208
Community Development Block Grant	14.218	B-21-UC-34-0101	24,500	14,292
Community Development Block Grant COVID	14.218	B-21-UC-34-0101	45,000	2,100
			94,000	26,600
Total Passed Through Essex County Housing and Community Development			556,475	125,303
Federal Emergency Management Agency				
Passed Through Essex County Local Board:				
Emergency Food and Shelter Program	97.024	N/A	20,000	15,723
Emergency Food and Shelter Program	97.024	N/A	32,500	24,800
			52,500	40,523
United States Small Business Administration				
Disaster Assistance Loans	59.008	N/A	149,900	-
TOTAL FEDERAL AWARDS			758,875	165,826
STATE AWARDS				
State of New Jersey Department of Community Affairs				
Passed Through Essex County Department of Community Affairs:				
Social Services for the Homeless	N/A	SSH19007	114,674	112,000
TOTAL FEDERAL AND STATE AWARDS			\$ 873,549	\$ 277,826

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Family Promise of Essex County, Inc. ("Organization") under programs of the federal and state government for the year ended December 31, 2021, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2021, the Organization did not provide any funds relating to their federal or state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

During the year ended December 31, 2021, the Organization did not elect to use the de minimis cost rate when allocating indirect costs to federal or state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2021, \$149,900 was outstanding under the federal loan program.

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 of Essex County, Inc.
Montclair, 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 of Essex County, Inc. ("Organization"), which comprise the statement of financial position as of December 31, 2021, 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 September 6, 2022.

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.



Certified Public Accountants

Livingston, New Jersey
September 6, 2022

FAMILY PROMISE OF ESSEX COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

I. Financial Statements

The auditors' report issued on the financial statements of the Organization was an unmodified opinion.

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

II. Findings – Financial Statement Audit:

NONE

III. Findings and Questioned Costs – Federal Awards:

NONE

IV. Prior Audit Findings:

NONE