FAMILY PROMISE OF ESSEX COUNTY, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025 AND 2024
(With Independent Auditors' Report)

FAMILY PROMISE OF ESSEX COUNTY, INC.

DECEMBER 31, 2025 AND 2024

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BEDERSON LLP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Family Promise of Essex County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Essex County, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Family Promise of Essex County, Inc. 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.

Prior Period Financial Statements

The financial statements of Family Promise of Essex County, Inc. as of December 31, 2024, were audited by other auditors whose report dated September 25, 2025 expressed an unmodified opinion on those statements.

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 Family Promise of Essex County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Family Promise of Essex County, Inc.'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 Family Promise of Essex County, Inc.'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2026, on our consideration of Family Promise of Essex County, Inc.'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 Family Promise of Essex County, Inc.'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 Family Promise of Essex County, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The predecessor auditor previously audited Family Promise of Essex County, Inc.'s 2024 financial statements, those auditors expressed an unmodified audit opinion on those audited financial statements on their report dated September 25, 2025. In their opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bederson LLP

Fairfield, New Jersey
June 26, 2026

FAMILY PROMISE OF ESSEX COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	$ 597,483	$ 862,418
Pledges receivable, short-term, net	7,418	35,723
Contributions receivable	35,000	50,713
Grants receivable	141,762	332,906
Accounts receivable	22,500	7,499
Investments	411,887	-
Prepaid expenses	28,234	18,371
Total Current Assets	1,244,284	1,307,630
PROPERTY AND EQUIPMENT:		
Net of accumulated depreciation	37,830	2,233
Pledges receivable, long-term, net	19,097	24,337
OTHER ASSETS:		
Security deposit	9,273	5,523
Right of use asset - operating lease	229,210	292,858
Total Other Assets	238,483	298,381
TOTAL ASSETS	$ 1,539,694	$ 1,632,581

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 19,774	$ 14,411
Note payable - current	3,603	72
Deferred revenue	131,943	-
Lease liability - operating lease, current	70,638	56,271
Total Current Liabilities	225,958	70,754
LONG-TERM LIABILITIES:		
Notes payable - net of current	145,636	152,803
Lease liability - operating lease, net of current	172,902	248,158
Total Long-term Liabilities	318,538	400,961
TOTAL LIABILITIES	544,496	471,715
NET ASSETS:		
Without donor restrictions	646,055	684,457
With donor restrictions	349,143	476,409
Total Net Assets	995,198	1,160,866
TOTAL LIABILITIES AND NET ASSETS	$ 1,539,694	$ 1,632,581

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

FAMILY PROMISE OF ESSEX COUNTY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Contributions:						
Individuals	$ 282,321	$ 3,000	$ 285,321	$ 229,164	$ 51,000	$ 280,164
Foundations	256,566	25,000	281,566	233,100	425,000	658,100
Religious organizations	30,857	-	30,857	32,439	-	32,439
Business organizations	48,510	-	48,510	61,115	-	61,115
Community groups	6,076	560	6,636	23,049	-	23,049
Government grants	773,460	-	773,460	975,359	-	975,359
Donated services and materials	31,566	-	31,566	23,699	-	23,699
Investment income, net	5,344	-	5,344	-	-	-
Gain on sale of property and equipment	1,935	-	1,935	-	-	-
Program service and other revenue	22,499	-	22,499	14,476	-	14,476
Special events	286,446	-	286,446	233,042	-	233,042
	1,745,580	28,560	1,774,140	1,825,443	476,000	2,301,443
Net assets released from restriction Satisfaction of program and time restrictions	155,826	(155,826)	-	73,267	(73,267)	-
TOTAL REVENUES AND SUPPORT	1,901,406	(127,266)	1,774,140	1,898,710	402,733	2,301,443
FUNCTIONAL EXPENSES:						
Program services	1,563,942	-	1,563,942	1,546,881	-	1,546,881
Management and general	131,819	-	131,819	95,416	-	95,416
Fundraising	244,047	-	244,047	206,291	-	206,291
TOTAL FUNCTIONAL EXPENSES	1,939,808	-	1,939,808	1,848,588	-	1,848,588
CHANGE IN NET ASSETS	(38,402)	(127,266)	(165,668)	50,122	402,733	452,855
NET ASSETS - beginning of year	684,457	476,409	1,160,866	634,335	73,676	708,011
NET ASSETS - end of year	$ 646,055	$ 349,143	$ 995,198	$ 684,457	$ 476,409	$ 1,160,866

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

FAMILY PROMISE OF ESSEX COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

(WITH SUMMARIZED, COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	Program Expenses				Supporting Services				
	Prevention	Shelter	Housing and Stabilization	Total	Management and General	Fundraising	Total	2025 Total	2024 Total
SALARIES AND RELATED EXPENSES									
Salaries	$ 188,642	$ 120,465	$ 353,070	$ 662,177	$ 71,955	$ 81,989	$ 153,944	$ 816,121	$ 788,528
Payroll taxes	17,766	11,345	33,252	62,363	6,776	7,722	14,498	76,861	72,649
Employee benefits	12,744	8,138	23,852	44,734	4,861	5,539	10,400	55,134	61,200
Total salaries and related expenses	219,152	139,948	410,174	769,274	83,592	95,250	178,842	948,116	922,377
CLIENT SERVICES									
Rental assistance	142,459	-	74,855	217,314	-	-	-	217,314	305,262
Security deposits	86,777	-	24,770	111,547	-	-	-	111,547	92,985
Utilities assistance	12,140	-	-	12,140	-	-	-	12,140	6,631
Shelter facilities	-	96,196	-	96,196	-	-	-	96,196	83,159
Processing platform	7,299	7,300	7,300	21,899	-	-	-	21,899	-
In-kind donations	-	31,566	-	31,566	-	-	-	31,566	23,699
Client needs assistance	472	19,609	41,393	61,474	-	-	-	61,474	61,572
Total client services	249,147	154,671	148,318	552,136	-	-	-	552,136	573,308
OTHER EXPENSES									
Professional fees	22,203	14,178	41,556	77,937	8,469	9,650	18,119	96,056	70,318
Occupancy	20,476	22,774	27,557	70,807	9,488	15,550	25,038	95,845	54,598
Office supplies and expenses	11,301	7,720	20,593	39,614	4,398	5,257	9,655	49,269	71,264
Insurance	6,011	3,839	11,252	21,102	2,293	2,613	4,906	26,008	14,142
Telecommunication costs	4,260	2,865	7,624	14,749	2,274	3,681	5,955	20,704	30,447
Fundraising costs	-	-	-	-	-	4,783	4,783	4,783	82,559
Special event costs	-	-	-	-	-	102,710	102,710	102,710	-
Dues and subscriptions	2,520	1,609	4,716	8,845	961	1,095	2,056	10,901	10,132
Professional development	1,087	1,552	2,661	5,300	2,525	2,529	5,054	10,354	8,555
Credit loss expense	-	-	-	-	13,125	-	13,125	13,125	9,764
Interest expense	-	-	-	-	4,056	-	4,056	4,056	-
Miscellaneous expenses	-	130	-	130	85	-	85	215	694
Total other expenses	67,858	54,667	115,959	238,484	47,674	147,868	195,542	434,026	352,473
Total Expenses before depreciation	536,157	349,286	674,451	1,559,894	131,266	243,118	374,384	1,934,278	1,848,158
Depreciation	1,173	1,360	1,515	4,048	553	929	1,482	5,530	430
TOTAL EXPENSES	$ 537,330	$ 350,646	$ 675,966	$ 1,563,942	$ 131,819	$ 244,047	$ 375,866	$ 1,939,808	$ 1,848,588
TOTAL EXPENSES 2024	$ 497,751	$ 285,797	$ 763,333	$ 1,546,881	$ 95,416	$ 206,291	$ 301,707	$ 1,848,588	

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

FAMILY PROMISE OF ESSEX COUNTY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (165,668)	$ 452,855
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	5,530	430
Unrealized gain on investments	438	-
Realized (gain) on investments	(2,532)	-
Gain on sale of property and equipment	(1,935)	-
Discount on pledges receivable	-	1,366
Credit loss expense	13,125	9,764
(Increase) decrease in assets:		
Pledges receivable	20,420	20,871
Contributions receivable	15,713	(1,160)
Grants receivable	191,144	(226,880)
Accounts receivable	(15,001)	-
Prepaid expenses	(9,863)	(6,494)
Security deposit	(3,750)	(1,523)
ROU asset	63,648	(286,764)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,363	(21,661)
ROU liability	(60,889)	298,335
Deferred revenue	131,943	(99,056)
NET CASH PROVIDED BY OPERATING ACTIVITIES	187,686	140,083
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(468,867)	-
Proceeds from sale of investments	59,074	-
Acquisition of property and equipment	(39,192)	-
NET CASH USED BY INVESTING ACTIVITIES	(448,985)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Reclassification of accrued interest payments	-	6,590
Payments on loan payable	(3,636)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	(3,636)	6,590
NET INCREASE (DECREASE)	(264,935)	146,673
CASH AND CASH EQUIVALENTS - beginning	862,418	715,745
CASH AND CASH EQUIVALENTS- ending	$ 597,483	$ 862,418
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 4,056	$ -

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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 based in Montclair, New Jersey. The mission of the organization is to help homeless and at-risk families achieve self-sufficiency by providing shelter, social services, and housing assistance through a community-based approach. The organization's programs include:

Prevention and Diversion

Family Promise of Essex County (FPE) provides prevention and diversion assistance for families in financial crisis and on the verge of becoming homeless. Preventing or diverting families from entering shelter is cost effective, better for parents and children, and an essential part of our mission. Assistance includes current and back rent, first and last month's rent and security deposit. Families work with an FPE Case Manager to achieve their goals for stable housing, independence, and self-sufficiency. FPE's programming also includes services such as job training, job search and interviewing- skills; seminars on workplace protocol, budget management, landlord/tenant relationships, apartment maintenance, parenting, wellness, and nutrition; and assistance with childcare and transportation options.

Emergency Shelter

Family Promise of Essex County provides temporary shelter for families in extended-stay motel rooms and a rent-subsidized large home that is leased through interfaith hospitality partners. The shelter model also includes a comprehensive guidance, and referrals to find housing and jobs through case management by FPE Case Managers, as well as community engagement and meal and groceries deliveries through congregational partners and other volunteers.

Housing and Stabilization

Housing stability is the overall goal for all FPE programs. FPE helps families obtain permanent housing by providing security deposits, utility deposits, rental assistance, and move-in assistance. FPE Case Managers work with their clients to help them establish and achieve their goals for housing and employment. Additionally, Case Managers assist clients with housing search, application, and leasing processes.

Once housed, FPE offers youth and adult workshops and economic mobility mentoring to help families improve their household income and overall well-being. School supplies, holiday celebrations, etc. are available to families, as well as summer camp opportunities and other educational/community-building field trips.

As a supplement to existing Stabilization activities, FPE partnered with Circles USA to launch the first Circles chapter in New Jersey in late 2022. The goal of Circles Essex County is to help families make the journey out of poverty and to remove the barriers that keep them there. The program creates intentional relationships across income lines to support families in achieving their goals, and creates social capital through bonding, bridging, and linking people across socio-economic lines.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation
The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report information regarding its financial position and activities into the following net asset classifications:

Net Assets Without Donor Restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of trustees.

Net Assets with Donor Restrictions
Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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 that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Cash Equivalents
The Organization considers all cash and other highly liquid investments available for current use with an initial maturity of three (3) months or less to be cash equivalents.

Investments
Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

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, 2025 and 2024, the allowance for uncollectible pledges receivable was $6,000.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Hierarchy

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820-10 - *Fair Value Measurements,* establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Leases

The Organization leases office space and a copier. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) asset, other current liabilities, and operating lease liability on the statement of financial position.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)
ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contract does not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Functional Allocation of 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, fundraising costs, bad debt, and miscellaneous expenses are based on the direct-costing method. All other expenses are based on time and effort.

Income Taxes
The Organization is exempt from state 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 2025 or 2024. At December 31, 2025 and 2024, 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.

Advertising Costs
The Organization expenses advertising costs as they are incurred.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contributions
The Organization recognizes contributions as revenue when they are received or unconditionally pledged and record 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.

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, 2025 and 2024.

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:

Transportation equipment	5 - 7 Years
Leasehold improvements	3 - 4 Years
Furniture and equipment	10 Years

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. Donated services and materials are recorded as contributions at their estimated fair value at the date of donation.

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Comparative Summarized Financial Information
The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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, 2024, from which the summarized information was derived.

Accounting Pronouncements - Expected Credit Losses Standards
Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events
The Organization has evaluated subsequent events through June 26, 2026, which is the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets 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.

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 597,483	$ 862,418
Accounts receivable	22,500	7,499
Grants receivable	141,762	332,906
Contributions receivable	35,000	50,713
Pledge receivable, net	26,515	60,060
Investments	411,887	-
Total financial assets	$ 1,235,147	$ 1,313,596
Less those unavailable for general expenditures		
Within one year, due to:		
Estimated releases	94,143	136,409
Net assets with donor restrictions	(349,143)	(476,409)
Financial assets available to meet general expenditures over the next twelve months	$ 980,147	$ 973,596

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

NOTE 3 – INVESTMENTS

Investments at fair value at December 31, 2025 as follows:

	2025	
	Cost	Fair Value
Cash - Interest bearing	$ 2,310	$ 2,310
Exchange-traded & closed-end fund	271,544	409,577
	$ 273,854	$ 411,887

Investment income from these investments for the years ended December 31, 2025 as follows:

	2025
Interest and dividend income	$ 3,250
Realized gains on investments	2,532
Unrealized loss on investments	(438)
	$ 5,344

NOTE 4 – FAIR VALUE MEASUREMENTS

At December 31, 2025, the fair value of investments in interest bearing cash is determined based upon quoted prices in active markets as identified in the following:

December 31, 2025	Level 1	Level 2	Level 3	Total
Cash – interest bearing	$ 2,310	$ -	$ -	$ 2,310
Exchange-traded & closed-end funds	409,577	-	-	409,577
Total assets at fair value	$411,887	$ -	$ -	$411,887

NOTE 5 - PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

	2025	2024
Transportation equipment	$ 38,033	$ 36,654
Furniture and equipment	21,453	23,738
Total	59,486	60,392
Less: Accumulated depreciation	(21,656)	(58,159)
Net property and equipment	$ 37,830	$ 2,233

Depreciation expense for 2025 and 2024 amounted to $5,530 and $430, respectively.

NOTE 6 – PLEDGE RECEIVABLES

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

Pledges are expected to be received as follows:

	2025	2024
In less than one year	$ 7,418	$ 39,723
In one to five years	25,097	27,703
Pledges receivable	32,515	67,426
Less: Allowance of uncollectible pledges	(6,000)	(6,000)
Less: Unamortized discount	-	(1,366)
Net Pledges receivable	$ 26,515	$ 60,060

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:

	2025	2024
Montclair residents	$ 46,833	$ 39,816
Special gifts	1,290	462
Expired time restrictions on pledges received	22,703	32,989
Expired time restrictions on foundation grant received	85,000	-
Total	$ 155,826	$ 73,267

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Montclair residents	$ 1,335	$ 23,168
Bicycles	808	538
Circles - PALS	2,000	-
Time restriction on pledge receivable	5,000	27,703
Time restriction on foundation grant	340,000	425,000
Total net assets with donor restriction	$ 349,143	$ 476,409

NOTE 9 – OPERATING LEASES

The Organization leases office space and equipment under long-term, noncancelable lease agreements. The leases expire at various dates through August 31, 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by a similar lease. Additionally, the agreement generally requires the Organization to pay for electricity, taxes, insurance, CAM charges, and for copies in excess of the monthly amounts stated in the agreement.

The following table provides quantitative information concerning the Organization's leases as of December 31, 2025 and 2024:

	2025	2024
Operating lease cost	$ 63,648	$ 24,876
Other information:		
Cash paid for amounts included in the Measurement of lease liabilities:		
Operating cash flows from operating leases	$ 66,436	$ 13,305
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 307,858
Weighted-average remaining lease term - Operating leases	3.6 years	4.6 years
Weighted-average discount rate - Operating leases	3.62%	3.62%

The Organization classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for the operating lease liabilities as of December 31, 2025, is as follows:

Year Ending December 31,	
2026	$ 70,638
2027	71,412
2028	73,948
2029	49,729
Total Lease Payments	265,727
Less: Imputed Interest	(22,187)
Present Value of Lease Payments	$ 243,540

NOTE 10 – NOTES PAYABLE

	2025	2024
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 30 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. Payments will be applied to accrued interest prior to being applied to principal balance. The loan is collateralized with all of the Organization's tangible assets.	$149,239	$152,875
Total Notes Payable	$149,239	$152,875

The maturities are as follows:

Year Ending December 31	
2026	$ 3,603
2027	3,704
2028	3,807
2029	3,913
2030	4,022
Thereafter	130,190

NOTE 11 – DONATED GOODS

The Organization receives donated household goods and food for program use. The Organization's policy related to gifts in-kind is to utilize the assets given to carry out the mission of the Organization. Donated household goods and food, are estimated based on estimates of retail values for similar products and are reflected as donated services and materials in the accompanying financial statements. The value of donated goods received or used by the Organization is reflected in the financial statements as revenues and expenses, as follows:

Donated goods amounted to $31,566 and $23,699, for each of the years ended December 31, 2025 and 2024.

All gifts-in-kind received by the Organization for the years ended December 31, 2025 and 2024 were considered without donor restrictions and able to be used by the Organization as determined by management.

NOTE 12 – CONCENTRATIONS AND CREDIT RISKS

Cash and Cash Equivalents

The Organization maintains bank accounts with financial institutions which are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2025, cash balances at one (1) financial institution exceeded the insured limits by a total approximate amount of $234,500. The Organization has not experienced any loss on such amount.

NOTE 12 – CONCENTRATIONS AND CREDIT RISKS (Continued)

Support and Revenue

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received approximately 44% and 42% for the years ended December 31, 2025 and 2024, respectively from government grants. In addition, the Organization received a foundation grant that was approximately 0% and 18% of total revenues for the year ended December 31, 2025 and 2024.

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 federal and state 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.

NOTE 13 – RELATED PARTY

The Organization is an affiliate of Family Promise Inc. located in Summit, New Jersey. Family Promise Inc. provided the Organization with contributions in the amount of $-0- and $20,000 during the years ended December 31, 2025 and 2024, respectively. The Organization also paid Family Promise Inc. affiliate fees in the amount of $8,600 and $8,500 for the years ended December 31, 2025 and 2024, respectively.

BEDERSON LLP
ACCOUNTANTS & ADVISORS

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*

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

We have audited, 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, the financial statements of the Family Promise of Essex County, Inc. which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2026.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Family Promise of Essex County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Promise of Essex County, Inc.'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 entity'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 the 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 Family Promise of Essex County, Inc.'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 those tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Family Promise of Essex County, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Family Promise of Essex County, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Family Promise of Essex County, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bederson LLP

Fairfield, New Jersey
June 26, 2026

FAMILY PROMISE OF ESSEX COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2025

Section I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes √ no
• Significant deficiency(s) identified that are not considered to be material weaknesses?	___ yes √ none reported
Noncompliance material to financial statements noted?	___ yes √ no

FAMILY PROMISE OF ESSEX COUNTY, INC.

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

DECEMBER 31, 2025

Audit Report dated September 25, 2025, for the year ended December 31, 2024:

FINANCIAL STATEMENT FINDINGS:

1. **Finding No. 2024-001 – Material Weakness in Internal Control over Financial Reporting:** During our testing, we noted the Organization received an amendment to one of its state grants which was historically a state grant which changed a portion of the grant to federal funding. This amendment was received after the year end, and this funding source change was not identified timely. As a result, the schedule of expenditures of federal and state awards was not accurately prepared. The potential exists that a material misstatement of the schedule of expenditures of federal and state awards could occur and not be prevented, or detected and corrected, by the organization's internal controls.

   Status: Corrective action was taken and procedures were put into effect. No similar findings were noted in the 2025 audit.