

FAMILY PROMISE OF BERGEN COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2014

AND

INDEPENDENT AUDITOR'S REPORT

FAMILY PROMISE OF BERGEN COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Family Promise of Bergen County  
Ridgewood, New Jersey

We have audited the accompanying financial statements of Family Promise of Bergen County (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2014, the related statements of activities and changes in net assets, cash flows for the six months 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; these include 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.

### Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Bergen County as of December 31, 2014, and the results of its operations and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

*Flackman, Goodman & Potter, LLP*

Ridgewood, New Jersey  
October 1, 2015

FAMILY PROMISE OF BERGEN COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2014

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 337,988
Cash - client escrow funds	14,634
Grant receivable	4,540
Other receivable	68,161
Prepaid expenses	2,294
TOTAL CURRENT ASSETS	<u>427,617</u>
PROPERTY AND EQUIPMENT, net	<u>15,962</u>
OTHER ASSETS	
Cash - client escrow funds	400
Security deposits	5,022
TOTAL OTHER ASSETS	<u>5,422</u>
TOTAL ASSETS	<u>\$ 449,001</u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 3,579
Client escrow funds	14,634
Accrued expenses	24,281
TOTAL CURRENT LIABILITIES	<u>42,494</u>
OTHER LIABILITIES	
Client escrow funds	<u>400</u>
TOTAL LIABILITIES	<u>42,894</u>
NET ASSETS	
Unrestricted	329,463
Temporarily restricted	76,644
TOTAL NET ASSETS	<u>406,107</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 449,001</u>

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

FAMILY PROMISE OF BERGEN COUNTY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Six Months Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>INCOME AND OTHER SUPPORT</b>			
<i>Program Income</i>			
Walk-in-Dinner	\$ 79,635	\$ -	\$ 79,635
New Leaf	31,094	-	31,094
Family Promise Network	31,196	-	31,196
Camp Lots-of-Fun	21,576	-	21,576
<i>Other Support</i>			
Contributions	115,254	2,500	117,754
Fundraising income	146,729	-	146,729
Other income	17,772	-	17,772
Interest income	33	-	33
<i>Net Assets Released from Restrictions</i>	34,377	(34,377)	-
<b>TOTAL INCOME AND OTHER SUPPORT</b>	<u>477,666</u>	<u>(31,877)</u>	<u>445,789</u>
<b>EXPENSES</b>			
<i>Program Expenses</i>			
Family Promise Network	127,126	-	127,126
Walk-in-Dinner	93,562	-	93,562
New Leaf	96,621	-	96,621
Camp Lots-of-Fun	41,133	-	41,133
Break-the-Cycle	3,310	-	3,310
<i>Fundraising Expenses</i>	87,015	-	87,015
<i>General and Administrative Expenses</i>	66,087	-	66,087
<b>TOTAL EXPENSES</b>	<u>514,854</u>	<u>-</u>	<u>514,854</u>
<b>CHANGE IN NET ASSETS</b>	(37,188)	(31,877)	(69,065)
NET ASSETS - beginning	366,651	108,521	475,172
NET ASSETS - ending	<u>\$ 329,463</u>	<u>\$ 76,644</u>	<u>\$ 406,107</u>

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

FAMILY PROMISE OF BERGEN COUNTY

STATEMENT OF CASH FLOWS  
For the Six Months Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (69,065)
Noncash items included above:	
Depreciation	7,465
(Increase) decrease in assets:	
Client escrow funds	(8,872)
Grant receivable	(2,200)
Other receivable	8,290
Prepaid expenses	1,324
(Decrease) increase in liabilities:	
Accounts payable	(27,215)
Client escrow funds	8,872
Accrued expenses	11,197
NET CASH USED BY OPERATING ACTIVITIES	<u>(70,204)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(70,204)
CASH AND CASH EQUIVALENTS - beginning	<u>408,192</u>
CASH AND CASH EQUIVALENTS - ending	<u>\$ 337,988</u>

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

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

Family Promise of Bergen County (the Organization) is an independent affiliate of the national organization Family Promise, Inc. (FP). The Organization became an affiliate in 2010 in order to associate with a national organization that also provides shelter and other services to homeless families.

Prior to 2010, the Organization was known as the Interreligious Fellowship for the Homeless of Bergen County (IRF) and had a long history of providing services to the homeless. Beginning in 1986, the IRF first offered shelter to homeless men and women in the Overflow Shelter program. IRF also began an Emergency Family Shelter program for working homeless families as well as the Walk-In-Dinner program to ensure that anyone in Bergen County who needed a free meal had access to one each night.

As a result of Bergen County, NJ building a facility to house homeless single adults, the Organization discontinued its Overflow Shelter program that provided shelter to homeless adults for over 22 years. In addition, the Emergency Family Shelter program was discontinued in conjunction with the Organization affiliating with FP.

Since 2011, the Organization has operated the Family Promise Network, a program modeled after FP's Interfaith Hospitality Network. This program shelters working poor families, accommodating up to approximately 14 adults and children at any given time. There are 24 host congregations that rotate weekly, providing meals and shelter during overnight stays. Case management, to assist families for re-entry into the community, is a key element of this program. The program's Family Center is located in the same building as the administrative offices. Family members meet regularly with case managers and have access to computers, phones and other office machines. Showers and laundry facilities are also provided there.

Volunteers of the Organization's Weekend Program staff the Family Center on weekends and holidays giving families a place to be when they are not working or when school is closed. Volunteers engage children and their parents in arts and crafts, reading and other recreational activities.

The Organization is the only entity in Bergen County to provide shelter to working homeless families. In addition, the Organization conducts a number of other programs.

The New Leaf program offers transitional housing for families, including some who were part of the Family Promise Network. This program provides temporary housing and assists families overcome the challenges keeping them from independent living by providing job training, access to affordable childcare and reliable transportation, financial literacy education and other services. Families generally remain in the program for up to 24 months.

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization (continued)

During the first twelve months after leaving the New Leaf program, the families are particularly vulnerable to unforeseen circumstances that may negatively impact their newly regained independence. The After Care portion of the New Leaf program is designed to help families through this trying period by continuing to provide contact with Family Case Managers for guidance and emotional support, access to the Organization's skilled volunteers as necessary, as well as a small amount of financial support. These options are provided on an "as needed" basis. This is an optional program which is available for up to one year.

The Walk-in-Dinner program provides approximately 120 dinners each night of the year for homeless and/or hungry individuals. This number includes the 68 residents of the Bergen County Housing, Health and Human Service Center where the meal is served each night.

Camp Lots-of-Fun is a two-week program designed to build confidence, self-esteem, lasting friendships, and happy memories for homeless and needy children. High school age volunteers serve as counselors allowing the program to operate on a 1:1 camper/counselor ratio.

Financial assistance from the Break-the-Cycle Scholarship Fund is provided to individuals who are pursuing advanced education or vocational training and who exhibit a personal commitment to breaking the cycle of poverty. Adults and high school seniors who are currently in the Family Promise Network or the New Leaf program are eligible, as are former residents of these programs. The scholarship can be applied toward tuition, books, supplies, computer training, licensing courses or other type of skill training that will enhance or increase career opportunities.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). Under the Not-for-Profit Entities Topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: (1) unrestricted net assets; (2) temporarily restricted net assets; and (3) permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Fiscal Year End

During 2014, the Board of Trustees approved a change in the Organization's fiscal year end from June 30 to December 31. This change to the calendar year reporting cycle will begin January 1, 2015. As a result of the change, the Company had a six month transition period that is shown in this report.

Cash and Cash Equivalents

Cash and cash equivalents are defined as actual currency, demand deposits and liquid investments with original maturities of three months or less.

Property and Equipment

Property and equipment are stated at cost. Expenditures for major additions and improvements are capitalized while minor repairs and maintenance are charged to expense as incurred. Depreciation is based on the estimated useful lives of depreciable assets and is provided using the straight-line method. When property is disposed of, the asset and the accumulated depreciation are removed from the accounts. Any resulting gain or loss is reflected in operations in the period incurred.

Classes of Net Assets

The financial statements report amounts separately by class of net assets:

- a) Unrestricted amounts are those currently available at the discretion of the Board for use in the Fund's activities.
- b) Temporarily restricted amounts are those which are restricted by donor-imposed stipulation that either expire by passage of time or can be fulfilled and removed pursuant to those stipulations.
- c) Permanently restricted amounts are those which are restricted by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Board.

Management Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include useful lives of property and equipment, accruing liabilities for certain expenses, in-kind donations and those used in the allocation of expenses based on a functional classifications. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Fair Value of Financial Instruments and Disclosures Topic of the FASB ASC defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Organization's financial instruments are cash and cash equivalents, other receivable, and accounts payable. The recorded values of cash and cash equivalents, other receivable, and accounts payable approximate their fair values based on their short-term nature.

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions received are recorded as permanently restricted, temporarily restricted, or unrestricted revenue, depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the contribution as unrestricted.

Donated Materials, Facilities and Services

Significant services, food and facilities are donated to the Organization by various individuals and organizations. Donated materials, facilities and services have been recorded as program income and expense at their fair market value.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization receives approximately 22,000 volunteer hours per year. However, these volunteer hours are not recognized in the financial statements because they did not meet the criteria for recognition under the Revenue Recognition Topic of the FASB ASC, which states that in order to record the value of services, the services must either a) create or enhance non-financial assets or b) the service must require specialized skills.

Tax-Exempt Status

Family Promise of Bergen County is a not-for-profit institution exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provisions for income taxes have been provided in the accompanying financial statements.

The Organization follows provisions for Accounting for Uncertainty in Income Taxes which is part of the Income Taxes Topic of the FASB ASC. This topic provides guidance on the recognition, measurement, classification and disclosures related to uncertain tax positions, along with any interest and penalties. The Organization continually evaluates the possible existence of uncertain tax positions.

The Organization recognizes interest relating to income tax matters as a component of interest expense and recognizes penalties relating to income tax matters as a component of general and administrative expenses. Such interest and penalties have historically been immaterial.

The federal and state tax returns of the Organization are subject to examination, generally for three years after they were filed.

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Organization has evaluated subsequent events through October 1, 2015, the date which the financial statements were available for issue. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation. The Organization's bank balances may at times exceed insurable limits. Financial instruments that potentially subject the Organization to credit risk consist primarily of cash on deposit.

3. PROPERTY AND EQUIPMENT

Major classifications of property and equipment and their respective useful lives are as follows:

		<u>Estimated Useful Lives</u>
Vehicles	\$ 58,910	5 years
Equipment	13,743	5 years
Furniture and fixtures	8,189	5 years
Leasehold improvements	8,592	5 years
Total cost	89,434	
Less: accumulated depreciation	(73,472)	
Property and equipment, net	\$ 15,962	

Depreciation expense for the six months ended December 31, 2014 totaled to \$7,465.

4. DONATED MATERIALS, FACILITIES AND SERVICES

The Organization has recorded the fair market value of donated materials, facilities and services in the statement of activities as described below:

	<u>Donated Food and Materials</u>	<u>Donated Facilities</u>	<u>Donated Services</u>
Walk-in-Dinner	\$ 79,635	\$ -	\$ -
New Leaf	7,133	-	2,985
Family Promise Network	28,596	-	-
Camp Lots-of-Fun	2,775	6,000	4,350
Total	\$ 118,139	\$ 6,000	\$ 7,335

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

5. NET ASSETS

Net assets consist of the following:

UNRESTRICTED	<u>\$ 329,463</u>
TEMPORARILY RESTRICTED	
Matthew 18:5 Fund	57,530
Family Promise Network	7,500
New Leaf	7,500
Break-the-Cycle	<u>4,114</u>
	<u>76,644</u>
TOTAL NET ASSETS	<u>\$ 406,107</u>

6. COMMITMENTS AND CONTINGENCIES

Family Promise of Bergen County leases its facilities in Ridgewood, NJ with monthly payments of \$2,415. Rent paid for this facility totaled \$14,490 for the six months ended December 31, 2014.

The Organization leases apartments in Bergen County, NJ for use as transitional housing for homeless families on a month-to-month basis. Rent paid for these leases totaled \$25,050 for the six months ended December 31, 2014. This expense has been recorded as part of the New Leaf program expenses.

The Organization has non-cancellable operating leases for office equipment, which expire at various dates. Rent paid for these leases totaled \$4,128 for the six months ended December 31, 2014.

Future minimum lease payments under operating leases for office equipment that have remaining terms in excess of one year as of December 31, 2014 are:

2015	<u>\$ 21,068</u>
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7. EMPLOYEE RETIREMENT PLAN

Family Promise of Bergen County maintains a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code for its employees. The Organization made contributions of \$2,138 for the six months ended December 31, 2014. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

8. MAJOR CONTRIBUTOR

For the six months ended December 31, 2014, one gift totaling \$15,000 comprised approximately 13% of total contributions. This gift has no restrictions on its use.

FAMILY PROMISE OF BERGEN COUNTY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

9. FUNCTIONAL EXPENSES

	Program Services					Support Services				Total
	Walk-in-Dinner	New Leaf	Family Promise Network	Camp Lots-of-Fun	Break-the-Cycle	Total Program	Fundraising	General and Administrative	Total Support	
<i>Actual costs</i>										
Personnel expense	\$ 9,642	\$ 47,932	\$ 74,183	\$ 10,199	\$ -	\$ 141,956	\$ 48,809	\$ 26,831	\$ 75,640	\$ 217,596
Direct program expenses	580	33,789	2,385	12,237	3,310	52,301	-	-	-	52,301
Fundraising campaigns and events	-	-	-	-	-	-	25,963	-	25,963	25,963
Office and supplies	705	798	8,174	3,726	-	13,403	2,163	14,313	16,476	29,879
Consulting	-	-	-	-	-	-	5,250	-	5,250	5,250
Rent - office	1,014	580	1,159	-	-	2,753	1,449	10,288	11,737	14,490
Professional fees	315	438	1,012	182	-	1,947	707	1,520	2,227	4,174
Insurance	1,671	1,815	2,933	1,561	-	7,980	1,031	3,810	4,841	12,821
Utilities	-	229	-	-	-	229	-	1,832	1,832	2,061
Auto and transportation	-	298	2,004	-	-	2,302	-	255	255	2,557
Repairs and maintenance	-	-	-	-	-	-	-	3,918	3,918	3,918
Depreciation	-	-	5,891	-	-	5,891	-	1,574	1,574	7,465
Other expenses	-	624	789	103	-	1,516	1,643	1,746	3,389	4,905
<i>In-kind donations</i>										
Donated food and materials	79,635	7,133	28,596	2,775	-	118,139	-	-	-	118,139
Donated facilities	-	-	-	6,000	-	6,000	-	-	-	6,000
Donated services	-	2,985	-	4,350	-	7,335	-	-	-	7,335
<b>Total Expenses</b>	<b>\$ 93,562</b>	<b>\$ 96,621</b>	<b>\$ 127,126</b>	<b>\$ 41,133</b>	<b>\$ 3,310</b>	<b>\$ 361,752</b>	<b>\$ 87,015</b>	<b>\$ 66,087</b>	<b>\$ 153,102</b>	<b>\$ 514,854</b>