

Family Promise of Bergen County

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

The Board of Trustees Family Promise of Bergen County

Report on the Financial Statements

We have audited the accompanying financial statements of Family Promise of Bergen County (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, Family Promise of Bergen County adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

August 6, 2019

Family Promise of Bergen County

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 780,499	\$ 643,149
Cash - client escrow funds	5,584	19,005
Grant and other receivables	28,617	21,071
Prepaid expenses	10,447	12,740
Total Current Assets	825,147	695,965
Property and equipment	92,749	89,434
Accumulated depreciation and amortization	(89,550)	(89,434)
Property and Equipment, net	3,199	-
Other Assets		
Endowment fund	93,478	99,712
Cash - client escrow funds	3,740	3,797
Investments, at fair value	-	1,036
Security deposits	4,538	3,188
Total Other Assets	101,756	107,733
	\$ 930,102	\$ 803,698
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,785	\$ 2,279
Client escrow funds	5,584	19,005
Accrued expenses	15,093	18,265
Deferred revenue	1,250	-
Total Current Liabilities	27,712	39,549
Other Liabilities		
Client escrow funds	3,740	3,797
Total Liabilities	31,452	43,346
Net Assets		
Without donor restrictions	740,821	580,760
With donor restrictions	157,829	179,592
Total Net Assets	898,650	760,352
	\$ 930,102	\$ 803,698

See Notes to Financial Statements

Family Promise of Bergen County

Statement of Activities and Changes in Net Assets Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Government			
Bergen County	\$ -	\$ 20,000	\$ 20,000
Public Support			
Fundraising	302,281	-	302,281
Foundations	190,009	-	190,009
Contributions	425,069	23,200	448,269
Miscellaneous income	30,631	-	30,631
In-kind donations	228,473	-	228,473
Net Assets Released from Restrictions	58,729	(58,729)	-
Total Revenue	1,235,192	(15,529)	1,219,663
 EXPENSES			
Program services			
Family Promise Network	259,710	-	259,710
New Leaf	203,994	-	203,994
Camp Lots-of-Fun	68,495	-	68,495
Homeless Prevention	20,560	-	20,560
Advocacy	18,661	-	18,661
Walk-in Dinner	213,498	-	213,498
General and administrative	56,989	-	56,989
Fundraising	237,645	-	237,645
Total Expenses	1,079,552	-	1,079,552
Change in Net Assets before Investment Return	155,640	(15,529)	140,111
Investment return, net	4,421	(6,234)	(1,813)
Change in Net Assets	160,061	(21,763)	138,298
 NET ASSETS			
Beginning	580,760	179,592	760,352
Ending	\$ 740,821	\$ 157,829	\$ 898,650

Family Promise of Bergen County

Statement of Activities and Changes in Net Assets Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Government			
Federal and Bergen County	\$ 9,246	\$ 32,012	\$ 41,258
Public Support			
Fundraising	272,426	-	272,426
Foundations	118,912	-	118,912
Contributions	403,530	47,868	451,398
Miscellaneous income	10,629	-	10,629
In-kind donations	266,920	-	266,920
Net Assets Released from Restrictions	25,037	(25,037)	-
Total Revenue	1,106,700	54,843	1,161,543
EXPENSES			
Program services			
Family Promise Network	251,399	-	251,399
New Leaf	207,809	-	207,809
Camp Lots-of-Fun	55,044	-	55,044
Homeless Prevention	13,813	-	13,813
Advocacy	26,431	-	26,431
Walk-in Dinner	226,445	-	226,445
General and administrative	65,751	-	65,751
Fundraising	238,282	-	238,282
Total Expenses	1,084,974	-	1,084,974
Change in Net Assets before Investment Return	21,726	54,843	76,569
Investment return, net	1,070	289	1,359
Change in Net Assets	22,796	55,132	77,928
NET ASSETS			
Beginning	557,964	124,460	682,424
Ending	\$ 580,760	\$ 179,592	\$ 760,352

Family Promise of Bergen County

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services						Support Services			Total	
	Family Promise Network	New Leaf	Camp Lots-of-Fun	Homeless Prevention	Advocacy	Walk-in Dinner	Total Program Services	General and Administrative	Fundraising		Total Support Services
<i>Actual costs</i>											
Personnel expense	\$ 173,224	\$ 108,627	\$ 33,947	\$ 13,986	\$ 16,830	\$ 22,269	\$ 368,883	\$ 27,378	\$ 95,418	\$ 122,796	\$ 491,679
Rent - office	14,148	4,921	2,153	308	615	2,153	24,298	4,305	2,153	6,458	30,756
Telephone	646	646	161	32	161	161	1,807	775	646	1,421	3,228
Postage	1,126	938	910	38	188	150	3,350	375	751	1,126	4,476
Insurance	4,972	3,638	3,068	182	182	3,638	15,680	3,293	1,637	4,930	20,610
Repairs and maintenance	2,115	3,010	210	30	60	210	5,635	574	210	784	6,419
Professional fees and services	8,511	4,749	1,377	155	396	2,753	17,941	6,182	5,506	11,688	29,629
Dues and subscriptions	2,234	-	-	-	-	-	2,234	1,753	1,975	3,728	5,962
Events	-	-	-	-	-	-	-	4,115	121,110	125,225	125,225
Supplies	4,695	961	3,184	152	148	2,539	11,679	2,340	1,262	3,602	15,281
Rent - apartments	-	52,225	-	-	-	-	52,225	-	-	-	52,225
Client assistance - transportation	5,693	2,907	2,000	73	-	-	10,673	-	-	-	10,673
Client assistance - childcare	-	8,981	-	-	-	-	8,981	-	-	-	8,981
Client assistance - workshops and other	7,248	4,304	-	5,588	-	2,371	19,511	-	-	-	19,511
Recreation activities	-	-	11,755	-	-	-	11,755	-	-	-	11,755
Depreciation	-	-	-	-	-	-	-	116	-	116	116
Miscellaneous	498	322	960	16	81	81	1,958	5,683	6,912	12,595	14,553
<i>In-kind donations</i>											
Donated food and materials	34,600	7,765	6,370	-	-	177,173	225,908	100	65	165	226,073
Donated facilities	-	-	2,400	-	-	-	2,400	-	-	-	2,400
Total Expenses	\$ 259,710	\$ 203,994	\$ 68,495	\$ 20,560	\$ 18,661	\$ 213,498	\$ 784,918	\$ 56,989	\$ 237,645	\$ 294,634	\$ 1,079,552

Family Promise of Bergen County

Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services						Support Services			Total	
	Family Promise Network	New Leaf	Camp Lots-of-Fun	Homeless Prevention	Advocacy	Walk-in Dinner	Total Program Services	General and Administrative	Fundraising		Total Support Services
<i>Actual costs</i>											
Personnel expense	\$ 157,975	\$ 97,784	\$ 28,570	\$ 13,037	\$ 24,839	\$ 21,090	\$ 343,295	\$ 35,459	\$ 102,651	\$ 138,110	\$ 481,405
Rent - office	13,939	4,849	2,121	303	606	2,121	23,939	4,243	2,121	6,364	30,303
Telephone	1,191	794	198	40	198	198	2,619	556	794	1,350	3,969
Postage	358	238	439	12	60	60	1,167	167	238	405	1,572
Insurance	5,403	2,962	2,561	148	148	2,962	14,184	2,158	1,333	3,491	17,675
Repairs and maintenance	1,651	877	251	36	72	251	3,138	765	251	1,016	4,154
Professional fees and services	4,758	1,584	754	45	256	1,507	8,904	4,677	3,015	7,692	16,596
Dues and subscriptions	1,912	-	-	-	-	-	1,912	2,076	1,647	3,723	5,635
Events	-	-	-	-	-	-	-	3,404	120,510	123,914	123,914
Supplies	3,735	1,150	1,881	177	177	1,323	8,443	2,801	1,444	4,245	12,688
Rent - apartments	-	51,004	-	-	-	-	51,004	-	-	-	51,004
Client assistance - transportation	12,769	5,324	-	-	-	-	18,093	-	-	-	18,093
Client assistance - childcare	-	12,800	-	-	-	-	12,800	-	-	-	12,800
Client assistance - workshops and other	2,362	8,228	-	-	-	1,967	12,557	-	-	-	12,557
Recreation activities	-	-	7,946	-	-	-	7,946	-	-	-	7,946
Miscellaneous	1,040	300	4,176	15	75	75	5,681	8,494	3,568	12,062	17,743
<i>In-kind donations</i>											
Donated food and materials	44,306	19,915	4,347	-	-	194,891	263,459	951	710	1,661	265,120
Donated facilities	-	-	1,800	-	-	-	1,800	-	-	-	1,800
Total Expenses	\$ 251,399	\$ 207,809	\$ 55,044	\$ 13,813	\$ 26,431	\$ 226,445	\$ 780,941	\$ 65,751	\$ 238,282	\$ 304,033	\$ 1,084,974

Family Promise of Bergen County

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 138,298	\$ 77,928
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation and amortization	116	-
Realized gain on investments	(4,044)	-
Unrealized losses (gains) on investments	6,883	(868)
Change in operating assets and liabilities		
Undeposited funds	-	6,661
Grant and other receivables	(7,546)	35,083
Prepaid expenses	2,293	(5,856)
Endowment fund	6,234	(289)
Security deposit	(1,350)	-
Accounts payable	3,506	(1,265)
Accrued expenses	(3,172)	3,945
Deferred revenue	1,250	-
Net Cash from Operating Activities	142,468	115,339
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	58,454	-
Donated investments	(44,473)	(168)
Purchase of investments	(15,784)	-
Purchase of property and equipment	(3,315)	-
Net Cash from Investing Activities	(5,118)	(168)
Net Change in Cash and Cash Equivalents	137,350	115,171
CASH AND CASH EQUIVALENTS		
Beginning	643,149	527,978
Ending	\$ 780,499	\$ 643,149

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

1. Description of the Organization

Family Promise of Bergen County, NJ (the "Organization") helps homeless working families address the complex, interconnected set of issues that accompany poverty and homelessness. The Organization provides a holistic, integrated approach that begins with meeting the immediate need for safe shelter and food but reaches further to address the root causes of poverty and to help working families become self-sufficient.

The Organization is an independent affiliate of the national organization Family Promise, Inc. and became affiliated 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 22-year history of providing services to homeless men, women and families. In addition to its sheltering programs, the IRF began the Walk-in Dinner Program to ensure that anyone in Bergen County who needed a free meal had access to one each night.

The Organization is the only entity in Bergen County offering shelter to homeless working families who are not receiving Temporary Aid to Needy Families. The Organization's programs are described below:

Sheltering Programs

Family Promise Network - The Family Promise Network is a sheltering program for homeless working families with children. Up to 14 adults and children are hosted overnight at a local congregation on a weekly rotating basis. Host congregation volunteers, along with others from neighboring congregations, provide meals, private sleeping areas, encouragement and fellowship. Case management assists families in setting goals and overcoming obstacles to self-sufficiency, and is the key element of this program.

Once a family is safely sheltered, immense pressure is lifted. The Organization provides on-going support and guidance to families committed to improving their lives. Services are tailored to each family, offering opportunities for personal, financial, and career growth. Financial assistance (including funds from the Adam Rosignolo Family Success Fund) is provided to eligible families for educational advancement, job training, books and supplies, childcare and transportation as it relates to employment. Along with intensive case management, all families are required to participate in a mandatory savings plan, financial literacy classes, parenting support, skills assessments, empowerment workshops, workplace readiness skills training, and a youth literacy initiative.

New Leaf Housing Program - Client families who show particular motivation and promise and need additional time to work on their service plan are given the opportunity to live in one of the apartments that the Organization manages, supervises and subsidizes. Close contact with family case managers is maintained as families assume a more independent living situation.

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

1. Description of the Organization (*continued*)

Post-Shelter Program - Families leaving the Family Promise Network or New Leaf program are extremely vulnerable to unforeseen circumstances that may negatively impact their newly regained independence. The Post-Shelter 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, and limited, targeted financial assistance for a period of one year. This program is voluntary with services provided on an as-needed basis.

Homeless Prevention Program - It is much more cost-effective to keep a family in their current apartment than to rehouse them after they are evicted. Funding is available for rent, rental arrears, utility bills and services designed to allow families to remain in stable housing. Families accepted into this program are required to meet with case managers weekly and participate in the mandatory savings plan, all workshops, and other activities in order to receive services.

Other Programs

Camp Lots-of-Fun - Thirty children are treated to summer day camp for two fun-filled weeks. Five to 12-year-olds who are part of Organization programs are eligible. If space permits, children from other agencies' sheltering programs are also accommodated. Members of the Family Promise Youth Council for the Homeless and other high school students, many of whom are initially unfamiliar with the challenges facing the poor, serve as volunteer counselors. This new-found awareness makes for a more positive experience for both camper and counselor and allows the program to operate on a 1:1 camper/counselor ratio.

Youth Council for the Homeless - This dynamic group of high school students meets monthly to organize ways to help those who are homeless. Sample activities include serving at the Walk-In Dinner Program and Camp Lots-of-Fun, planning activities for the children in the programs, volunteering for and participating in fundraising events, and raising awareness of homelessness among fellow students.

Walk-In Dinner Program - Every night of the year, an affiliated congregation, business, organization or school provides or prepares and serves dinner to up to 150 people in need of a free meal. The Organization partners with the Bergen County Housing, Health and Human Services Center in Hackensack, NJ where the meals are served; about 80 of those served are residents of that program. Others who come from neighboring communities may have a place to live but their incomes are not sufficient to cover dinner every night. Over the past 28 years, the program has served nearly 1.1 million meals valued at over \$5.5 million.

Advocacy - Board members, staff and qualified volunteers address the community, congregations, clergy, businesses, members of community service organizations and students in order to educate them with regards to the issues and challenges which homeless families face. The goal is to enable the public to assess policies and the impact they might have on issues facing working poor families.

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Without donor restrictions – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.
- With donor restrictions – net assets subject to donor-imposed stipulations that would be met by actions of the Organization and/or by the passage of time or net assets to 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 related investments for general or donor-specified purposes.

Change in Accounting Principle

The Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted and permanently restricted) classification of net assets into two categories: without donor restrictions and with donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

Recently Adopted Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Cash and Cash Equivalents

Cash and cash equivalents are defined as unrestricted currency, demand deposits and highly liquid investments with maturities of three months or less at time of purchase.

Grant and Other Receivables

Grants are recognized as revenue when the Organization meets the conditions for its revenue recognition, namely that it incurs reimbursable program expenses. The Organization determines the allowance for doubtful accounts by identifying troubled accounts, considering the grantor's financial condition and current economic conditions. The Organization believes that all receivables at December 31, 2018 and 2017 will be fully collected. Accordingly, no allowance for doubtful accounts is required.

Investments

Investments are carried at fair value. Interest and dividends are recorded when earned. Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Investment income is reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

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. Leasehold improvements are amortized over the lesser of lease with expected renewals and estimated useful life. 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.

Revenue Recognition

Contributions received are recorded as with or without donor restrictions, 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 with donor restrictions 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 without donor restrictions.

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 input have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable input do not exist.

At December 31, 2018 and 2017, investments were valued using Level 1 inputs.

Donated Food, Materials and Facilities

Significant food, materials and facilities are donated to the Organization by various individuals and organizations. Donated food, materials and facilities have been recorded as program, fundraising and general and administrative 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 23,000 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 U.S. GAAP, 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.

Functional Allocation of Expense

The costs of providing the program, supporting and fundraising services of the Organization have been reported on both a natural and functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program, supporting and fundraising services based upon the function benefited.

Tax-Exempt Status

The Organization 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 U.S. GAAP guidance on Accounting for Uncertainty in Income Taxes. 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 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, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to current year presentation of the current year financial statements. The reclassifications have no effect on the change in net assets for the prior year.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through August 6, 2019, the date the financial statements were available for issue.

3. 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.

4. Liquidity and Availability

The Organization monitors the availability of resources to meet its operating needs and contractual commitments, while also striving to maximize investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission related activities, as well as services undertaken to support these activities, to be general expenditures.

As of December 31, 2018, the following financial assets could be made available within one year of the statement of financial position to meet general expenditures:

Cash and cash equivalents	\$ 780,499
Grants and other receivables (without donor restrictions) due in one year or less	<u>5,000</u>
Financial assets available to meet general expenditures within the year	<u>\$ 785,499</u>

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

5. Endowment Fund

The Board of Directors of the Organization interpreted the New Jersey enacted version of the Uniform Prudent Management of Institutional Funds (“UPMIFA”) as allowing the Organization the powers to manage and invest the institutional funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

Unless stated otherwise in the gift instrument, the asset in endowed funds shall be donor-restricted assets until appropriated for expenditure by the Board of Directors. As a result of this interpretation, the Organization has not changed the way net assets with donor restrictions are classified.

A donor restricted endowment fund is considered to be underwater if the fair value of the fund is less than either the original gift amount or the amount required to be maintained by the donor or by law. At times, the Organization may have endowment funds that are underwater. The Foundation has a spending policy that permits spending from underwater funds depending on the degree which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. Deficiencies of this nature exist in one donor-restricted endowment gift that has an original gift value of \$99,423, a current fair market value of \$93,478 and a deficiency of \$5,945 at December 31, 2018.

The Organization generally utilizes a spending rate of 4% of the average of the ending quarterly market value of the endowment for the previous 12 quarters to determine distributions from the endowment. As of December 31, 2018, no distributions were made.

The following is a reconciliation of the activity in the endowment fund:

	With Donor Restrictions - Adam Rosignolo Family Success Fund
January 1, 2017	\$ 99,423
Investment return, net	289
December 31, 2017	99,712
Investment return, net	(6,234)
December 31, 2018	<u>\$ 93,478</u>

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

5. Endowment Fund *(continued)*

The endowment fund consists of the following at December 31:

	2018	2017
Endowment fund		
Cash	\$ 955	\$ 99,712
Investments	92,523	-
	\$ 93,478	\$ 99,712

6. Investments

Investments consist of the following at December 31:

2018	Fair Value	Cost	Unrealized Loss
Exchange traded funds	\$ 27,331	\$ 27,576	\$ (245)
Equity securities	61,030	67,620	(6,590)
Real estate investment trusts	4,162	4,210	(48)
	\$ 92,523	\$ 99,406	\$ (6,883)
2017	Fair Value	Cost	Unrealized Gain
Equity securities	\$ 1,036	\$ 168	\$ 868

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	\$ 377	\$ 649	\$ 1,026
Net realized gains	4,044	-	4,044
Net unrealized losses	-	(6,883)	(6,883)
	\$ 4,421	\$ (6,234)	\$ (1,813)
	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	\$ 202	\$ 289	\$ 491
Net unrealized gains	868	-	868
	\$ 1,070	\$ 289	\$ 1,359

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

7. Property and Equipment

Major classifications of property and equipment and their respective useful lives are as follows at December 31:

	2018	2017	Estimated Useful Lives
Vehicles	\$ 58,910	\$ 58,910	5 years
Equipment	17,058	13,743	5 years
Furniture and fixtures	8,189	8,189	5 years
Leasehold improvements	8,592	8,592	5 years
Total cost	92,749	89,434	
Accumulated depreciation and amortization	(89,550)	(89,434)	
Property and Equipment, net	\$ 3,199	\$ -	

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2018 and 2017 totaled \$116 and \$0.

8. Donated Food, Materials and Facilities

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

	2018		2017	
	Donated Food and Materials	Donated Facilities	Donated Food and Materials	Donated Facilities
Walk-in Dinner	\$ 177,173	\$ -	\$ 194,891	\$ -
Family Promise Network	34,600	-	44,306	-
New Leaf	7,765	-	19,915	-
Camp Lots-of-Fun	6,370	2,400	4,347	1,800
Fundraising	65	-	710	-
General	100	-	951	-
Total	\$ 226,073	\$ 2,400	\$ 265,120	\$ 1,800

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

9. Net Assets

Net assets consist of the following at December 31:

	2018	2017
Without Donor Restrictions	<u>\$ 740,821</u>	<u>\$ 580,760</u>
With Donor Restrictions		
Perpetual in nature		
Adam Rosignolo Family Success Fund	93,478	99,712
Time or purpose restricted		
New Leaf	35,893	47,434
Family Promise Network	8,458	28,311
Walk-in Dinner	<u>20,000</u>	<u>4,135</u>
Total With Donor Restrictions	<u>157,829</u>	<u>179,592</u>
 Total Net Assets	 <u><u>\$ 898,650</u></u>	 <u><u>\$ 760,352</u></u>

Net assets released from restrictions consists of funds used for the maintenance of the New Leaf housing, day-to-day operations of the Family Promise Network and cost for the Walk-in Dinner program.

10. Commitments and Contingencies

The Organization leases its administrative facilities in Ridgewood, NJ with monthly payments of \$2,563. Rent paid for this facility totaled \$30,756 and \$30,303 for the years ended December 31, 2018 and 2017.

The Organization leases apartments in Bergen County, NJ for use as housing for homeless families in its New Leaf program. Rent paid for these annual leases totaled \$44,240 and \$48,300 for the years ended December 31, 2018 and 2017, 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 \$5,040 and \$5,040 for the years ended December 31, 2018 and 2017.

Future minimum lease payments under operating leases for office equipment that have remaining terms in excess of one year as of December 31, 2018 are:

Year Ending	Amount
2019	\$ 5,040
2020	<u>4,200</u>
	<u><u>\$ 9,240</u></u>

Family Promise of Bergen County

Notes to Financial Statements
December 31, 2018 and 2017

11. Employee Retirement Plan

The Organization maintains a tax-deferred plan qualified under Section 401(k) of the Internal Revenue Code for its employees. The Organization made contributions of \$13,398 and \$4,943 for the years ended December 31, 2018 and 2017. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code.

12. Major Contributors

For the year ended December 31, 2017, one gift totaling \$42,265 comprised approximately 12% of total contributions. This gift has no restrictions on its use.

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