

FAMILY PROMISE OF MORRIS COUNTY, INC.

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

FAMILY PROMISE OF MORRIS COUNTY, INC.
DECEMBER 31, 2021
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7- 17
Supplementary Information	
Schedule of Expenditure of Federal Awards	18
Schedule of Expenditure of State Awards	19
Notes to Schedules of Expenditures of Federal and State Awards	20
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Schedule of Findings and Questioned Costs	22

JOSEPH P. PRZYHOCKI, III, CPA LLC

36 EXETER STREET, MORRIS PLAINS, NJ 07950

PHONE: 201-486-0993

E-MAIL: JPPACCOUNTING@YAHOO.COM WWW.JPPACCOUNTING.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Family Promise of Morris County, Inc.
Morristown, New Jersey

Report on the Audit of Financial Statements

I have audited the accompanying financial statements of Family Promise of Morris County, Inc. ("Organization"), a non-profit organization, which comprise the statement of financial position as of December 31, 2021 and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Family Promise of Morris County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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*, I:

- Exercised professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 24, 2022, on my consideration of the Organization's internal control over financial reporting and on my 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 my testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Morris Plains, New Jersey
May 24, 2022

Joseph P. Przyhocki, III, CPA LLC

**FAMILY PROMISE OF MORRIS COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 228,013
Investments	450,888
Receivables	373,811
Prepaid Expenses and Other Assets	23,688
Total Current Assets	<u>1,076,400</u>

Property and Equipment:

Equipment	70,081
Leasehold Improvements	80,662
Subtotal	<u>150,743</u>
Less: Accumulated Depreciation	<u>(96,603)</u>
Property and Equipment, Net	<u>54,140</u>

Total Assets	<u><u>\$ 1,130,541</u></u>
---------------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 39,093
Total Current Liabilities	<u>39,093</u>

Total Liabilities	<u>39,093</u>
--------------------------	---------------

Net Assets:

Net Assets without Donor Restrictions	965,150
Net Assets with Donor Restrictions	<u>126,298</u>

Total Net Assets	<u>1,091,448</u>
-------------------------	------------------

Total Liabilities and Net Assets	<u><u>\$ 1,130,541</u></u>
---	----------------------------

FAMILY PROMISE OF MORRIS COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Support and Revenues:			
County of Morris Department of Human Services - GIA	\$ 25,196	\$ -	\$ 25,196
County of Morris Department of Human Services - SSH	139,155	-	139,155
County of Morris Department of Human Services - ESG	35,000	-	35,000
County of Morris Department of Human Services - ESG-CV	571,151	-	571,151
County of Morris - CDBG	40,000	-	40,000
HSI - Promising Solutions (HUD)	72,818	-	72,818
NJ 2-1-1 Partnership	32,495	-	32,495
Navagating Hope	110,000	-	110,000
Emergency Food and Shelter Program	68,000	-	68,000
U.S. Department of Housing and Urban Development - Morris Leasing	56,788	-	56,788
U.S. Department of Housing and Urban Development - Keys 2 Housing Consolidat	290,527	-	290,527
Client Rental Share	5,950	-	5,950
Donations - Corporations, Foundations, and Civic Groups	290,315	21,545	311,860
Donations - Congregations	55,871	-	55,871
Donations - Individuals	389,973	-	389,973
Donations - Occupancy (In-Kind)	129,360	-	129,360
Donations - Services (In-Kind)	19,938	-	19,938
Donations - Supplies (In-Kind)	116,980	-	116,980
Capital Grants	-	25,000	25,000
Other Grants	1,619	35,882	37,500
Special Events	70,755	-	70,755
Investment Income	560	-	560
Reclassifications - Donor Restrictions Expended in Current Fiscal Year	10,506	(10,506)	-
Total Support and Revenues	<u>2,532,958</u>	<u>71,921</u>	<u>2,604,878</u>
Expenses:			
Program Services	2,274,925	-	2,274,925
Management and General	132,431	14,590	147,021
Fund-Raising	149,728	-	149,728
Total Expenses	<u>2,557,083</u>	<u>14,590</u>	<u>2,571,674</u>
Change in Net Assets	(24,125)	57,331	33,204
Net Assets, Beginning of Year	<u>989,275</u>	<u>68,967</u>	<u>1,058,242</u>
Net Assets, End of Year	<u>\$ 965,150</u>	<u>\$ 126,298</u>	<u>\$ 1,091,448</u>

See Accompanying Notes to Financial Statements and Independent Auditor's Report

**FAMILY PROMISE OF MORRIS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Payroll	\$ 873,857	\$ 84,227	\$ 94,756	\$ 1,052,840
Payroll Taxes	79,547	7,667	8,626	95,839
Employee Health Insurance & Benefits	128,220	12,359	13,903	154,482
Outside Services	9,735	938	1,056	11,729
Mileage Reimbursement	3,330	321	361	4,012
Occupancy Charges	10,756	1,037	1,166	12,959
Occupancy Charges (In-Kind)	42,828	4,128	4,644	51,600
Insurance	14,332	1,381	1,554	17,267
Telephone	15,524	1,496	1,683	18,704
Office Supplies & Equipment	57,951	5,586	6,284	69,821
Operating	6,785	654	736	8,174
Postage	1,239	119	134	1,492
Vehicle	350	34	38	422
Dues	7,180			7,180
Professional Fees-Other	30,770	2,966	3,337	37,073
Conferences & Meetings	2,321	-	-	2,321
Direct Client Support	718,713	-	-	718,713
Our Promise Operations - Direct Costs	35,234	-	-	35,234
Program-Related Public Relations/Marketing/Communications	21,576	-	-	21,576
Donated Supplies (In-Kind)	116,980	-	-	116,980
Donated Occupancy - Clients (In-Kind)	77,760	-	-	77,760
Donated Services (In-Kind)	19,938	-	-	19,938
Audit	-	7,900	-	7,900
Other Expenses	-	1,618	-	1,618
Depreciation (Temporarily-Restricted)	-	14,590	-	14,590
Other Special Events - Direct Costs	-	-	11,451	11,451
Total Expenses	<u>2,274,925</u>	<u>147,021</u>	<u>149,728</u>	<u>2,571,674</u>

See Accompanying Notes to Financial Statements and Independent Auditor's Report

FAMILY PROMISE OF MORRIS COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities:

Change in Net Assets	\$ 33,204
Adjustment to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:	
Depreciation	14,590
(Increase) / Decrease in Current Assets:	
Receivables	(305,488)
Prepaid Expenses and Other Assets	(3,548)
Increase / (Decrease) in Current Liabilities:	
Accounts Payable and Accrued Expenses	12,029
Net Cash Used In Operating Activities	<u>(249,212)</u>

Cash Flows from Investing Activities:

Purchase of Investments - Net	<u>(45)</u>
Net Cash Used In Investing Activities	(45)

Net Decrease in Cash and Cash Equivalents (249,257)

Cash and Cash Equivalents, Beginning of Year 477,270

Cash and Cash Equivalents, End of Year \$ 228,013

Other Disclosures:

Interest Paid	<u>-</u>
Taxes Paid	<u>-</u>

**FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

BACKGROUND:

Agency Mission:

Family Promise of Morris County mobilizes community resources and people to end the crisis of homelessness faced by Morris County families and individuals by providing a continuum of services leading to self-sufficiency.

Vision for the Community:

Strengthen our community by transforming lives impacted by homelessness through hope, dignity, and compassion.

Agency Values:

In everything we do, in every decision we make, Family Promise of Morris County will adhere to these values:

- The right to self-determination of the people we serve
- A non-judgmental attitude
- Family first, regardless of family status
- Empowerment vs. enabling
- Mutual respect and integrity

The Organization is a member of Family Promise National, not an affiliate, *and is its own separate 501 (c) (3) entity.*

KEY AGENCY ASPECTS:

Covid:

The COVID-19 pandemic had a major impact on the provision of services in all our programs. We are proud to say that throughout the crisis we have been able to maintain services to all clients—*just differently*. The staff, interns and volunteers of the organization continued to accomplish so much including securing permanent housing for many families while adhering to strict health and safety protocols and working primarily remotely. We have restored, created or increased services to continue to help our community heal from the devastating economic and health effects due to COVID.

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)

CARES Funding:

In response to the COVID-19 pandemic, the Organization was awarded ESG-CV funds by the County of Morris to launch new programming in 2021 to address the devastating economic effects of the pandemic on our community. The new programming included four components: Motel Sheltering, Rapid Rehousing, Street Outreach and the new Promising Solutions Housing Program. This is one time funding, and the majority is pass through for rental assistance.

FEMA Funding:

We received an award of \$276,000 in new FEMA funding for a spending period of 1/1/21-4/30/23. Half of this award was received in 2Q22, and the remainder will be used in 2023 to extend the life of the CARES Funded Programming. This funding is intended to provide for those impacted by the eviction crisis and to support families and individuals by moving them rapidly into safe accessible housing quickly- through Rapid Rehousing and Diversion Programs.

Congressionally Directed Spending (CDS):

We applied for \$1.7 million in CDS funding for a new program, Housing as Healthcare for Economic Impact. Congresswoman Sherrill's Office reviewed over 70 applications and submitted 15 projects including this project! The project will partner with local healthcare providers, Public Housing Authorities, local nonprofits, the County Human Services Office and the County Sheriff's Office. Award selection and announcements will be presented in late 2022, early 2023.

Diversity, Equity and Inclusion:

As a social service agency, we are fully committed to promoting racial justice and equity in our community and in the delivery of critical services to those in need. We are also committed to adding to the diversity of our staff to better reflect the people we serve and ensuring that all people feel welcome, are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to our success. In 2021, the agency completed an extensive diversity audit that included interviews with all staff members and key board members by an outside consultant. The audit assessed our diversity preparedness and application of diversity management. Additionally, a new DEI Committee was established, comprised of Board Members, staff, volunteers and people with lived expertise.

Wellness Committee:

Our new Wellness Committee was created to meet the needs of both our Team and those we serve. It is key to support staff and our community during these times of great stress. Interesting aspects include changes in staff packages (time off, sick days and vacation for Full Time and Part Time Staff were increased). We closed the agency for one full week in the

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

summer and added several bonus days off to give staff a much-needed break. We brought in grief counselors for staff and our Outreach Program participants - due to increases in grief and loss - all impacts of Covid.

Facility Update:

We currently have 3 facilities, our Day Center now known as HQ, Our Promise Drop In and Resource Center, and Promising Solutions Administration House on the Promising Solutions Campus. Our Day Center was shared with another local nonprofit who has since moved into a new building, and we have taken over the facility in its entirety to add multiple work and client spaces.

Events:

The organization usually holds an Annual Dinner entitled “An Evening of Promise: Honoring Volunteers and Community Service.” This is a Volunteer Recognition event, honoring our over 1,600 volunteers and community partners. Historically, volunteers have contributed over \$1,000,000 in in-kind support across programs. While mainly a volunteer recognition event, it raises a small amount of funds directed to a specific key program each year. Due to the pandemic, this annual event was cancelled in 2020 and redirected in 2021. In 2022, our renewed event will take place. We also held our first 5K which was a huge success and will continue in 2022.

PROGRAMS:

Shelter Program (ES): that mobilizes community resources to provide the most cost-effective services. By partnering with approximately 80 congregations and 1,600 volunteers throughout Morris County, this program is extremely cost effective with most donations being dedicated to programming. This program provides shelter, food, crisis intervention and case management for homeless families and single women. The focus is on health and wellness, education and employment, and accessing resources. The main goal is to keep families together, meet emergency needs and transition them from poverty to long term housing and self-sufficiency. In 2020 and 2021, we were forced to quickly refocus the program's rotational model to maintain the health and safety of clients, staff, and volunteers. We rapidly transitioned families and single adults in the program to motel placements. As the timing and effects of the pandemic remained elusive, the program was continued for the remainder of 2022. We are working with congregation partners to continue to support those placed in a local motel with volunteer support, in-kind donations, and food/hygiene items delivery. In 2021, the ES program provided 2,752 nights of shelter to 4 families, totaling 15 individuals. **There was a 100% success rate moving families out of shelter successfully into permanent housing.**

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Housing Programs have a goal of supporting families and individuals in securing and maintaining permanent housing and access to benefits. Throughout the COVID-19 situation, we continued to provide essential services to clients. We shifted case management sessions from in-person to virtual, utilized contactless methods to provide critical supplies including food, instituted strict safety protocols for everyone's safety, and used technology whenever possible for required documents and signatures. We were able to safely continue to permanently house clients working with professional movers and our Making Moves Matter Volunteer Team. We even safely delivered Easter Baskets and holiday gifts to all participants to help keep some normalcy during a very difficult time. In 2021, housing programs provided 64 households, totaling 117 individuals, with case management services. **100% of program households successfully maintained their housing during the year.**

- The **Community Support Program (CSP)** provides critical support to clients after they have moved out of shelter and into permanent housing. This program also provides diversion, prevention and outreach to families and individuals leaving other shelters in Morris County, and to those in need in the community. The primary goal of this program is homelessness prevention by ensuring long-term housing stability through rental assistance, resources, services, and support they need to secure and maintain a permanent place in the community.
- The **Keys to Housing Program** consists of up to 40 housing vouchers from various local, regional and federal partnerships. Our Landlord/Tenant component provides financial incentives to landlords and education to our prospective tenants. The vouchers are targeted toward helping chronically homeless individuals and families secure permanent housing.
Our Housing Resource Specialist and Landlord Liaison help clients locate and navigate housing options and serve as a liaison with landlords and the community. By providing incentives such as pre/post move-in painting, minor repairs, short-term case management to other tenants that the landlord has identified, and training for clients on how to be a good tenant/neighbor, the success rate in obtaining housing with low fair market rent vouchers has been increased significantly. It also includes the Tenant-Based Rental Assistance Program, which is a partnership with local agencies that offers housing vouchers and case management services to client families.
- **Promising Solutions is a new housing program** that was officially launched in late 2020. It is a collaboration with the County of Morris and various community partners. It is a community-based women's campus that houses and supports women experiencing homelessness, poverty, and trauma. The campus contains nine residential homes with the capacity to house 32 residents, administrative offices, and recreation spaces - all set within a large block of greenspace. The first

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

residents moved in during 2021. This transformative program provides permanent supportive housing, including a therapeutic and stigma-free campus environment grounded in wellness and recovery principles. The project is especially unique in its collaborative approach, with agencies from across the county and utilizing Morris Habitat for Humanity for cost-effective facility renovations.

Rapid Rehousing & Diversion:

A new program component in 2021, this program supports moving households rapidly into their own homes, reducing their stay in shelters and the homeless provider system. CARES funds help support a tiered rental assistance approach for short term support, including paying rents for 1-6 months, as participants were then able to save, locate employment if needed, and take over the cost of their housing. **In 2021 RRH served 22 households, totaling 38 individuals with a 100% success rate.**

Outreach Programs:

Have a goal of increasing access to community services, resources for daily needs, and longer-term homelessness prevention and housing. **In 2021 Outreach Programs served 839 unduplicated individuals.**

- **Our Promise** Resource and Drop-In Center serves chronically homeless individuals those who are precariously housed by providing both concrete and clinical services. Concrete services include: a warming and cooling center, an address for mail, restrooms, phone charging stations, computers, basic hygiene, clothing and other items. Clinical services include case management by Licensed Social Workers and other staff, substance use education, and mental health crisis intervention. **Since opening, we have had over 25,000 face-to-face contacts with over 1,500 individuals.**
- The **Navigating Hope Program (NH)** is a partnership between Family Promise and Morris County Human Services that utilizes an outreach van to provide case management and a variety of services for low-income and homeless individuals in the community. The van targets hard-to-reach communities and populations and is intended to fill traditional gaps in community service provision. Navigating Hope outreach is also a tremendous asset during Code Blue emergencies (extreme weather events and extreme cold conditions), focuses on prevention and diversion from a homelessness crisis, and accesses some of Morris County's most vulnerable community members with direct support. **In 2021, the van made 213 trips in the community with 6,739 face-to-face contacts and providing case management services to 31 households.**

**FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Organization also provides other programs:

- The **Holiday Program** provides assistance to clients for all holidays and birthdays through gifts and donations. **In 2021, this program served 81 families, totaling 358 individuals.**
- The **Community Education Program** is designed to educate the community about homelessness and the societal issues facing homeless families.
- The **Emergency Housing Voucher Program** was new for 2021. We were selected as the only provider in Morris County to submit applications to the Department of Community Affairs (DCA) for housing subsidies. We submitted over 150 applications for Morris County residents.

BASIS OF ACCOUNTING

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

BASIS OF PRESENTATION

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions – net assets subject to donor (or certain grantor) imposed-restrictions. The Organization has donor-imposed restrictions that are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor.

The Organization currently has \$126,298 in net assets with donor restrictions at December 31, 2021, which represents a balance of \$43,871 of the useful life of equipment and leasehold improvements purchased through restricted grants and donations in 2011, 2014, and 2017; \$19,398 for the Family Promise National Diversion Grant, \$2,147 for the Pets With a Promise Program, Hyde and Watson of \$25,000 for Capital expenses and \$35,882 for the Making Moves Matter More Program.

CONTRIBUTIONS

Revenues are classified as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

principles require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the report period.

Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates. Significant estimates underlying the accompanying financial statements include the valuation of in-kind donations, depreciation of property and equipment, and the allocation of functional expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as short-term highly liquid investments, which are readily convertible into cash within ninety (90) days from the date of purchase.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from Federal and State income taxes under Section 501 (c) (3) of the Internal Revenue Code and under Title 15 in the State of New Jersey. The Organization is filing Form 990 with the Internal Revenue Service and Form CRI-300R with the State of New Jersey for 2021.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly identifiable with a specific function have been allocated among the programs and supporting services according to the Organization's cost allocation procedures.

Payroll, payroll taxes, and employee health insurance and benefits are allocated based on time and effort. Other expenses that are allocated include occupancy charges, office supplies and equipment, telephone, insurance, postage, mileage reimbursement, professional fees-other, and operating expenses. These costs are allocated based on which functions they support. Expenses charged directly to programs include Direct Client Support, direct costs of program operations, marketing and conferences, and meetings. Expenses charged directly to management and general include audit fees and depreciation. Expenses charged directly to fundraising include special events.

For 2021, 83% of all agency expenses were allocated directly to programs, 8% to management and general, and 9% to fundraising.

FAIR VALUE MEASUREMENTS

The Organization has adopted Fair Value Measurements Topic of the FASB ASC

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

for its financial assets and liabilities as required. FAS 157 established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted prices for similar assets or liabilities in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Organization financial assets accounted for at fair value include cash and cash equivalents and investments which are carried at fair value based on bank and broker-dealer statements (Level 1 inputs).

PROPERTY AND EQUIPMENT

Property and Equipment is stated at cost (if purchased) or fair value (if donated). The Organization capitalizes all acquisitions of property and equipment in excess of \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

SUPPORT AND REVENUE RECOGNITION/CONCENTRATIONS

Contributions are recognized as revenue and receivables when they are received or unconditionally pledged. The Organization reports donations as restricted support if they are received with donor stipulations that limit the use of the donation. When the donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. When the donor restriction is satisfied in the same accounting period in which the donation was received, the donation is reported as a contribution without donor restriction in the Statement of Activities.

The Organization receives program funding through grants from the Morris County Department of Human Services and U.S. Department of Housing and Urban Development, and contributions from various corporations, foundations, and civic groups, congregations, and individuals.

The Organization also receives in-kind contributions of services, occupancy, and supplies, which are recorded at the estimated fair value on the date of the contribution.

The Organization receives approximately less than 1% of its total support and revenue from in-kind contributions of services, approximately 5% from in-kind contributions of supplies, and approximately 3% from in-kind contributions of occupancy (a total of approximately 8% of total support and revenue is received from in-kind contributions).

Excluding in-kind contributions, the Organization receives approximately 13% of its total support and revenue from donations from various corporations, foundations, and civic groups,

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

approximately 2% from donations from congregations, approximately 17% from donations from individuals, approximately 31% from grants through the Morris County Department of Human Services, approximately 18% from U.S. Department of Housing and Urban Development, (this represents a total of approximately 81% of total support and revenue with the other 19% coming from various other sources).

NOTE 2 – INVESTMENTS / CONCENTRATION / UNCERTAINTY

Investments are currently comprised of money market funds recorded at fair value per Vanguard and defined as Level 1 inputs. Any realized and unrealized gains and losses are included in the Statement of Activities in the period in which they occur. Investments are generally insured by the SIPC, up to \$500,000 per account and are subject to market volatility.

NOTE 3 – DONATED OCCUPANCY, SERVICES, AND SUPPLIES

Donated Occupancy:

The value of donated occupancy included as in-kind contributions and corresponding expenses in the financial statements are as follows:

Donated Occupancy – Clients	\$ 77,760
Donated Occupancy – Agency / Day Center / Drop-in Center	\$ 51,600
Donated Occupancy – Meetings	<u>\$ 0</u>
<i>Total Donated Occupancy</i>	\$ 129,360

Contributed Services:

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 which would typically be purchased if not provided by donation. Contributed services are recorded as contributions at their estimated fair value at the date of donation. The amount of contributed services recognized for the year ended December 31, 2021 was \$19,938.

Donated Professional Services – Facility Services	\$ 2,000
Donated Professional Services – Legal Services	<u>\$ 17,938</u>
<i>Total Donated Professional Services</i>	\$ 19,938

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – DONATED OCCUPANCY, SERVICES, AND SUPPLIES (CONT'D)

The Organization receives a significant amount of contributed services from unpaid volunteers who assist in various activities; however, since these services do not require specialized skills, and do not enhance nonfinancial assets, no amounts have been reflected in the financial statements. The amount of contributed services not recognized for the year ended December 31, 2021 was \$148,499.

Donated Services – Overnight / Weekend Staffing of Host Sites	\$ 22,395
Donated Services – Social Work Internships	\$ 95,078
Donated Services – Agency / Day Center / Drop-in Center Staffing	\$ 27,327
Donated Services – Agency / Day Center / Drop-in Center Assistance	<u>\$ 4,387</u>
<i>Total Donated Other Services</i>	\$148,499

Donated Supplies:

The value of donated supplies included as in-kind contributions and corresponding expenses in the financial statements are as follows:

Donated Supplies – Client Meals	\$ 10,951
Donated Supplies – Client Clothing, Furniture, and Household Items	\$ 70,479
Donated Supplies – Client Holiday Assistance	<u>\$ 35,550</u>
<i>Total Donated Supplies</i>	\$ 116,980

NOTE 4 – RECEIVABLES

The significant portion of the receivables of \$373,811 is due from county and state agencies and is considered fully collectible. Accordingly, no allowance for doubtful accounts is required. In the event accounts are deemed uncollectible, they will be charged to operations in the year the determination is made. As of filing, all 2021 receivables have been vouchered or received.

NOTE 5 – OPERATING LEASES

The Organization, along with one other non-profit organization entered into a twenty-year lease agreement for office and day center space effective December 2008. The lease required annual rental payments of \$1 through December 2028. The Organization is also responsible for 60% of the costs of utilities and maintenance of the building. The Organization has a use agreement with First Baptist Church of Morristown for the use of the space for the Our Promise Drop-in Center. It is a two-year agreement with an automatic renewal clause.

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s goal, generally, is to maintain financial assets to meet 90 days of operating expenses (approximately \$577,783). The Organization has \$1,052,712 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$228,013, investments of \$450,888, and receivables of \$373,811. Included in the above amounts is \$82,426 in donor restricted net assets, which funds are available to be used in the next year.

As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess funds are held in a Vanguard money market fund and available for operational use.

FAMILY PROMISE OF MORRIS COUNTY, INC.					
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS					
YEAR ENDED DECEMBER 31, 2021					
FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA	GRANT PERIOD	PASS-THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
CONTINUUM OF CARE	14.267	2/1/21-1/31/22	NJ0358L2F092008	\$ 61,989	\$ 48,052
CONTINUUM OF CARE	14.267	2/1/20-1/31/21	NJ0358L2F092008	\$ 55,099	\$ 5,527
CONTINUUM OF CARE	14.267	8/1/21-7/31/22	NJ0456L2F092006	\$ 347,543	\$ 105,332
CONTINUUM OF CARE	14.267	8/1/20-7/31/21	NJ0358L2F092008	\$ 317,111	\$ 197,260
					\$ 356,171
PASSED THROUGH:					
<i>MORRIS COUNTY DEPARTMENT OF HUMAN SERVICES</i>					
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	7/1/20-6/30/22	E-20-UC-34-0019	\$ 35,000	\$ 35,000
EMERGENCY SOLUTIONS GRANT PROGRAM / CARES	14.231	11/20/20-6/30/22	ESG-CV 1	\$ 852,000	\$ 571,151
					\$ 606,151
PASSED THROUGH:					
<i>MORRIS COUNTY DEPARTMENT OF HUMAN SERVICES</i>					
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)	14.218	7/1/21-6/30/22	B-21-UC-34-0105	\$ 40,000	\$ 40,000
UNITED STATES DEPARTMENT OF HOMELAND SECURITY					
EMERGENCY FOOD AND SHELTER PROGRAM	97.024	1/1/20-10/31/21	LRO 600800-005	\$ 58,000	\$ 58,000
TOTAL FEDERAL AWARDS					\$ 1,060,322

FAMILY PROMISE OF MORRIS COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE
AWARDS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies

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

Note 2 – Sub-recipients

The Organization did not provide any funds relating to their federal or state programs to sub-recipients during the year ended December 31, 2021.

Note 3 – Indirect Costs

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

Note 4 – Loan and Loan Guarantee Programs

The Organization did not have any loan or loan guarantee programs as of December 31, 2021.

JOSEPH P. PRZYHOCKI, III, CPA LLC

36 EXETER STREET, MORRIS PLAINS, NJ 07950

PHONE: 201-486-0993

E-MAIL: JPPACCOUNTING@YAHOO.COM

WWW.JPPACCOUNTING.COM

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Family Promise of Morris County, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Promise of Morris County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated May 24, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Family Promise of Morris County, Inc.'s internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Promise of Morris County, Inc.'s internal control. Accordingly, I 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Morris County, Inc.'s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Morris Plains, NJ

Joseph P. Przyhocki, III, CPA LLC

May 24, 2022

FAMILY PROMISE OF MORRIS COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

Summary of Auditor's Results:

Financial Statements

The auditor's report issued on the financial statements of Family Promise of Morris County, Inc. was unmodified.

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes No
- Significant Deficiencies Identified? _____ Yes No
- Non-compliance material to financial statements? _____ Yes No