

**FAMILY PROMISE OF MORRIS COUNTY, INC.**

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**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2020**

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on Financial Statements**

I have audited the financial statements of Family Promise of Morris County, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2020 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.

### **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 error or fraud.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Morris County, Inc. as of December 31, 2020, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated May 6, 2021, on my consideration of the Organization's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on 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 6, 2021

Joseph P. Przyhocki, III, CPA LLC

**FAMILY PROMISE OF MORRIS COUNTY, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 477,270
Investments	450,842
Receivables	68,323
Prepaid Expenses and Other Assets	20,140
<b>Total Current Assets</b>	<u>1,016,575</u>

**Property and Equipment:**

Equipment	70,081
Leasehold Improvements	80,662
Subtotal	<u>150,743</u>
Less: Accumulated Depreciation	<u>(82,013)</u>
<b>Property and Equipment, Net</b>	<u>68,730</u>

<b>Total Assets</b>	<u><u>\$ 1,085,305</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable and Accrued Expenses	\$ 27,063
<b>Total Current Liabilities</b>	<u>27,063</u>

<b>Total Liabilities</b>	27,063
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**Net Assets:**

Net Assets without Donor Restrictions	989,275
Net Assets with Donor Restrictions	68,967
	<u>1,058,242</u>

<b>Total Net Assets</b>	<u>1,058,242</u>
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<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,085,305</u></u>
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**FAMILY PROMISE OF MORRIS COUNTY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
<b>Support and Revenues:</b>			
County of Morris Department of Human Services - GIA	\$ 25,196	\$ -	\$ 25,196
County of Morris Department of Human Services - SSH	164,817	-	164,817
County of Morris Department of Human Services - ESG	37,415	-	37,415
County of Morris - CDBG	40,000	-	40,000
Emergency Shelter Reimbursement	5,648	-	5,648
NJ 2-1-1 Partnership	23,404	-	23,404
Navagating Hope	110,000	-	110,000
Single Stop	25,000	-	25,000
Emergency Food and Shelter Program	10,000	-	10,000
U.S. Department of Housing and Urban Development - Morris Leasing	51,476	-	51,476
U.S. Department of Housing and Urban Development - Keys 2 Housing Consolida	340,725	-	340,725
Client Rental Share	4,666	-	4,666
Donations - Corporations, Foundations, and Civic Groups	358,282	9,624	367,907
Donations - Congregations	309,702	-	309,702
Donations - Individuals	388,142	882	389,024
Donations - Occupancy (In-Kind)	81,100	-	81,100
Donations - Services (In-Kind)	20,589	-	20,589
Donations - Supplies (In-Kind)	87,568	-	87,568
Special Events	8,003	-	8,003
Investment Income	1,497	-	1,497
Other Revenue	150,000	-	150,000
Reclassifications - Donor Restrictions Expended in Current Fiscal Year	14,003	(14,003)	(0)
<b>Total Support and Revenues</b>	<b>2,257,233</b>	<b>(3,497)</b>	<b>2,253,736</b>
<b>Expenses:</b>			
Program Services	1,491,161	-	1,491,161
Management and General	121,080	14,590	135,670
Fund-Raising	106,483	-	106,483
<b>Total Expenses</b>	<b>1,718,725</b>	<b>14,590</b>	<b>1,733,315</b>
<b>Change in Net Assets</b>	<b>538,508</b>	<b>(18,087)</b>	<b>520,421</b>
<b>Net Assets, Beginning of Year</b>	<b>450,767</b>	<b>87,054</b>	<b>537,821</b>
<b>Net Assets, End of Year</b>	<b>\$ 989,275</b>	<b>\$ 68,967</b>	<b>\$ 1,058,242</b>

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, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Expenses</u>
Payroll	\$ 574,692	\$ 78,695	\$ 68,588	\$ 721,976
Payroll Taxes	50,151	6,867	5,985	63,004
Employee Health Insurance & Benefits	67,584	9,255	8,066	84,904
Payroll Fees	1,311	179	156	1,647
Mileage Reimbursement	2,947	404	352	3,703
Occupancy Charges	9,614	1,317	1,147	12,078
Occupancy Charges (In-Kind)	39,482	5,406	4,712	49,600
Insurance	13,167	1,803	1,571	16,541
Telephone	12,249	1,677	1,462	15,388
Office Supplies & Equipment	38,609	5,287	4,608	48,503
Operating	3,925	537	468	4,930
Postage	992	136	118	1,247
Vehicle	149	20	18	187
Dues	2,220			2,220
Professional Fees-Other	18,224	2,496	2,175	22,895
Conferences & Meetings	4,120	-	-	4,120
Direct Client Support - CSP	461,884	-	-	461,884
Direct Client Support - ES	9,031	-	-	9,031
Abigail House Operations - Direct Costs	2,422	-	-	2,422
Our Promise Operations - Direct Costs	31,231	-	-	31,231
Program-Related Public Relations/Marketing/Communications	7,500	-	-	7,500
Donated Supplies (In-Kind)	87,568	-	-	87,568
Donated Occupancy - Clients (In-Kind)	31,500	-	-	31,500
Donated Services (In-Kind)	20,589	-	-	20,589
Audit	-	7,000	-	7,000
Depreciation (Temporarily-Restricted)	-	14,590	-	14,590
Other Special Events - Direct Costs	-	-	7,056	7,056
<b>Total Expenses</b>	<b>\$ 1,491,161</b>	<b>\$ 135,670</b>	<b>\$ 106,483</b>	<b>\$ 1,733,315</b>

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, 2020**

**Cash Flows from Operating Activities:**

Change in Net Assets	\$ 520,421
Adjustment to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:	
Depreciation	14,590
(Increase) / Decrease in Current Assets:	
Receivables	106,211
Prepaid Expenses and Other Assets	4,621
Increase / (Decrease) in Current Liabilities:	
Accounts Payable and Accrued Expenses	(8,198)
<b>Net Cash Provided By Operating Activities</b>	<u>637,645</u>

**Cash Flows from Investing Activities:**

Purchase of Investments - Net	(327,720)
<b>Net Cash Used In Investing Activities</b>	<u>(327,720)</u>

**Net Increase in Cash and Cash Equivalents** 309,925

**Cash and Cash Equivalents, Beginning of Year** 167,346

**Cash and Cash Equivalents, End of Year** \$ 477,270

**Other Disclosures:**

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

**FAMILY PROMISE OF MORRIS COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Family Promise of Morris County, Inc. (here-after referred to as the “Organization”) is a non-sectarian, not-for-profit organization dedicated to ending the crisis of homelessness faced by Morris County families and individuals by partnering with public and private agencies, religious congregations and community volunteers to provide a continuum of services including shelter, case management, and mentoring services leading to self-sufficiency.

The Organization provides an array of programs and services to address the needs of Morris County’s homeless population by providing Prevention, Diversion, Shelter, Housing, and Outreach Programs. The organization also provides rental assistance, through various government grants, to house families/individuals in permanent housing in the community. **In the face of the many challenges from COVID-19 in 2020, the Organization served 733 clients in its Shelter, Housing, and Outreach Programs and moved 32 households into permanent housing.**

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

**The COVID-19 pandemic had a major impact on the provision of services in all our programs.** The organization is proud to say that throughout the crisis it has been able to maintain services to all its clients in its Shelter, Housing, and Outreach Programs – *just differently.* The staff and interns 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.

**The Organization provides an Emergency 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 Day Center allows clients to have an address, meet with social workers and work towards their goals. 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 March 2020, the Organization was forced to quickly refocus the program's rotational model to maintain the health and safety of its clients, staff, and volunteers. It rapidly transitioned the families in the program to motel placements. It is excited to report that each of those families were successfully and permanently housed with available housing vouchers. As the timing and effects of the pandemic remained elusive, the program was



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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

suspended for the remainder of 2020 and shifted to motel placements in 2021. It is working with its congregation partners to continue to support the clients placed in a local motel with volunteer support, in-kind donations, and food/hygiene items delivery. In 2020, the ES program provided 1,787 nights of shelter to 8 families, totaling 24 individuals. **There was a 100% success rate, moving families out of shelter successfully into permanent housing.**

**The Organization provides Housing Programs** that have a goal of supporting families and individuals in securing and maintaining permanent housing and access to benefits. Those programs include the **Community Support Program, Abigail House, and Keys to Housing Program**. Throughout the COVID-19 situation, the Organization has continued to provide essential services to its clients. It 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. It was able to safely continue to permanently house clients working with professional movers and our Making Moves Matter Volunteer Team. It was even able to safely deliver Easter baskets and holiday gifts to all its families to help keep some normalcy during a very difficult time.

- 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. In 2020, the CS program provided 63 households, totaling 130 individuals, with case management services. **100% of program households successfully maintained their housing during the year.**
- **Abigail House (AH)**, a 5-unit transitional housing program, provides housing, case-management and programs and services geared towards those impacted by domestic violence. Now in its 9<sup>th</sup> year, AH consists of 5 fully furnished units that families/individuals can live in for up to 2 years to further support their transition to self-sufficiency, and 1 permanent housing unit.
- 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.

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

**The Organization provides Outreach Programs** that have a goal of increasing access to community services and resources and homelessness prevention and diversion. Those programs include the **Our Promise Drop-in Center, Single Stop Program, Navigating Hope Program, and Hope One Program**. Due to the health crisis, the Organization suspended all indoor services in early March at the Our Promise Drop-in Center. To maintain critical services to our guests, it maintained the distribution of mail and essential supplies on Tuesday and Thursday afternoons from 1pm to 3pm, and guests have been able to reach staff via phone during our regularly scheduled hours of 1pm to 5pm, Monday to Friday. In late November 2020, after securing additional essential equipment and supplies, it allowed for limited scheduled in-door appointments for essential needs. These appointments were done with the strictest protocols in place and low occupancy limits.

Due to health and safety protocols, Navigating Hope van trips were suspended by the county for approximately 3 months in 2020. Throughout the crisis, the Organization maintained the case management portion of the Navigating Hope Program. In accordance with its internal reopening plan, it began participating in van trips in Fall 2020.

- The drop-in center, known as **Our Promise**, opened fully in July 2015. Our Promise serves chronically homeless individuals and those who are precariously housed by providing both concrete and clinical services. Concrete services include the following: 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 **20,000 face-to-face contacts with over 1,000 individuals**.
- The **Single-Stop Program (SS)** focuses on building partnerships with fellow community service providers to increase the earned and unearned incomes of individuals and families. Single Stop utilizes a web-based technology that screens for benefits eligibility

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

of four main benefits: SNAP (food stamps), WIC (nutritional assistance for pregnant women, infants, and children under five), health care, and tax credits. From there, a benefits enroller helps eligible individuals apply for these benefits, and others like GA and TANF (cash assistance), with other referrals and follow-up as needed. Since July 2018, over **\$820,000 worth of benefits assistance has been awarded to program consumers** – accessing households who were not previously connected with services or service providers.

- 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, including Single Stop screenings, 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 2020, the van made 98 trips in the community with 2,529 face-to-face contacts and providing case management services to 30 households.
- The **Hope One** (Morris County Sheriff's Community Services Unit) operates in tandem with Navigating Hope. It provides mobile mental health and addiction services across Morris County. Family Promise serves on the Hope One Advisory Board and is also a partner agency. Family Promise is currently working with the Sheriff's office and other partners on a new initiative called The Hope Hub, which is modeled off an existing program in Chelsea, MA and involves a weekly meeting between key providers and law enforcement to collaborate on interventions for community members with "acutely elevated risk" (i.e. frequent hospitalizations, warrants, child in D.C.P.&P. care, substance abuse, and not connected to services). Since its founding, Hope One has made 510 stops in the community, had nearly 16,000 face-to-face contacts, conducted Narcan trainings for nearly 3,000 individuals, and connected hundreds of individuals to recovery, rehabilitation, family support, and mental health services.

**The Organization also provides other programs:**

- The **Holiday Program** provides assistance to clients for all holidays and birthdays through gifts and donations. In 2020, this program served 80 families, totaling 325 individuals.
- The **Community Education Program** is designed to educate the community about homelessness and the societal issues facing homeless families.

**The organization usually holds an Annual Dinner entitled "An Evening of Promise:**

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

**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 \$700,000 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.

The Organization looks forward to wide availability and distribution of the COVID-19 vaccine that will allow it to resume all our Shelter, Housing, and Outreach Programs to their pre-pandemic service level and allow it to continue to help its community heal from the devastating economic and health effects.

**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 \$68,967 in net assets with donor restrictions at December 31, 2020, which represents a balance of \$58,461 of the useful life of equipment and leasehold improvements purchased through restricted grants and donations in 2011, 2014, and 2017; \$882 for the support of a CSP client and \$9,624 for the Pets With a Promise 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 principles requires 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.

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

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 2020.

**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 2020, 80% of all agency expenses were allocated directly to programs, 11% to management and general, and 9% to fundraising.

**Fair Value Measurements**

The Organization has adopted Fair Value Measurements Topic of the FASB Accounting Standards Codification 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,

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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 receives a very small amount of emergency shelter reimbursement from Morris County Department of Human Services.

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 more than 1% of its total support and revenue from in-kind contributions of services, approximately 5% from in-kind contributions of supplies, and approximately less than 2% 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 18% of its total support and revenue from donations from various corporations, foundations, and civic groups, approximately 15% from donations from congregations, approximately 19% from donations from individuals, approximately 12% from grants through the Morris County Department of

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Human Services, approximately 19% from U.S. Department of Housing and Urban Development, approximately less than 1% from emergency shelter reimbursement, (this represents a total of approximately 83% of total support and revenue with the other 17% 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 (20 host sites)	\$ 31,500
Donated Occupancy – Agency / Day Center / Drop-in Center	\$ 49,600
Donated Occupancy – Meetings	<u>\$ 0</u>
<b><i>Total Donated Occupancy</i></b>	<b>\$ 81,100</b>

**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, 2020 was \$20,589.

Donated Professional Services – Client Transportation Services	\$ 3,500
Donated Professional Services – Facility Services	\$ 2,000
Donated Professional Services – Legal Services	<u>\$ 14,189</u>
Donated Professional Services – Contractor Services	<u>\$ 900</u>
<b><i>Total Donated Professional Services</i></b>	<b>\$20,589</b>

**FAMILY PROMISE OF MORRIS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**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, 2020 was \$277,708.

Donated Services – Overnight / Weekend Staffing of Host Sites	\$114,834
Donated Services – Social Work Internships	\$131,172
Donated Services – Agency / Day Center / Drop-in Center Staffing	\$ 31,702
Donated Services – Agency / Day Center / Drop-in Center Assistance	<u>\$ 0</u>
<b><i>Total Donated Other Services</i></b>	<b>\$277,708</b>

**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	\$ 18,900
Donated Supplies – Client Clothing, Furniture, and Household Items	\$ 51,168
Donated Supplies – Client Holiday Assistance	<u>\$ 17,500</u>
<b><i>Total Donated Supplies</i></b>	<b>\$ 87,568</b>

***COVID-19 Impact on 2020 Donated Occupancy, Services, and Supplies***

In March 2020, the Organization was forced to quickly refocus the Emergency Shelter Program's rotational model to maintain the health and safety of its clients, staff, and volunteers. After successfully and permanently housing the families in the program with available housing vouchers, the program was suspended for the remainder of 2020. This suspension accounts for the steep declines in our reported Donated Occupancy, Services, and Supplies as compared to previous years reporting. The chart below highlights the affected areas by comparing 2020 figures with 2019 as reported in its Financial Statements.



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

<b>2020 Lost In-kind Value Due to Emergency Shelter Suspension</b>			
	<b>2020 Value</b>	<b>2019 Value</b>	<b>Difference</b>
<b>Shelter Sites</b>	\$31,500	\$153,300	\$ 121,800
<b>Weekly Bed Moves</b>	\$2,500	\$10,000	\$ 7,500
<b>Client Transportation - State Shuttle</b>	\$1,000	\$5,000	\$ 4,000
<b>Volunteer Staffing at Host Site</b>	\$114,834	\$530,519	\$ 415,685
<b>Shelter Meals</b>	\$18,900	\$91,980	\$ 73,080
<b>Total</b>	<b>\$168,734</b>	<b>\$790,799</b>	<b>\$ 622,065</b>

**NOTE 4 – RECEIVABLES**

The significant portion of the receivables of \$68,323 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 2020 receivables have been 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.

**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 \$673,235). The Organization has \$996,435 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 \$477,270 investments of \$450,842, and receivables of \$68,323. Included in the above amounts is \$18,447 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.**  
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**NOTE 7 – PAYCHECK PROTECTION PROGRAM**

The Organization was granted a \$150,000 loan under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (SBA) approved partner. The loan is un-collateralized and is fully guaranteed by the federal government. The loan was initially recorded as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$150,000 as grant revenue for the year ended December 31, 2020. The Organization anticipates applying for and receiving forgiveness formally from the SBA by approximately May 1, 2021.

**NOTE 8 – SUBSEQUENT EVENTS**

The Organization’s management has evaluated subsequent events through May 15, 2021, the date the financial statements were available to be issued.

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. 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.

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 will include three components: Motel Sheltering, Rapid Rehousing, and Street Outreach. It also includes funding for the new Promising Solutions Program.

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 clients 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 late 2020 and 2021, the agency is in the process of completing an extensive diversity audit that includes interviews with all staff members and key board members by an outside consultant. The audit will assess our diversity preparedness and application of diversity management.

# JOSEPH P. PRZYHOCKI, III, CPA LLC

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## 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 of  
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, 2020, 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 6, 2021.

### 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.

### 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

May 6, 2021

Joseph P. Przyhocki, III, CPA LLC