

Family Promise of Morris County, Inc.

Financial Statements and
Supplementary Information

December 31, 2023

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows.....	8
Notes to the Financial Statements	9
Supplementary Information	
Schedule of Expenditures of Federal Awards	19
Schedule of Expenditures of State Financial Assistance.....	20
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	21
Compliance and Internal Control	
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>	22
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance	24
Schedule of Findings and Questioned Costs	27

Frank Glien LLC

Certified Public Accountant

130 Dietz Street Cranford, NJ. 07016

Tel: (908)337-1590

fgliencpa@gmail.com

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Family Promise of Morris County, Inc. which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects the financial position of Family Promise of Morris County, Inc. as of December 31, 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standard* 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 Family Promise of Morris County, Inc. 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

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

I am 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.

Report on Other Legal and Regulatory Requirements

Supplementary Information

My audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal 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* (Uniform Guidance), is presented on page 19 for purposes of additional analysis and is not a required part of the financial statements. Such 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 to 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 information is 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 November 11, 2024 on my consideration of Family Promise of Morris County, Inc.'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 to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Promise of Morris County, Inc.'s internal control over financial reporting and compliance.

Frank Glien, LLC, CPA

Cranford, New Jersey
November 11, 2024

Family Promise of Morris County, Inc.
Statement of Financial Position
As of December 31, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 305,480
Investments	370,997
Grants receivable	282,761
Prepaid expenses and other current assets	32,012
	<hr/>
	991,250

Property and equipment, net	24,960
	<hr/>
	\$ 1,016,210

Liabilities and net assets

Liabilities:

Current liabilities:

Rents received in advance	\$ 18,768
Accounts payable and accrued	62,332
	<hr/>
	81,100

Net Assets:

Net assets without donor restrictions	814,433
Net assets with donor restrictions	120,677
	<hr/>
	935,110
	<hr/>
	\$ 1,016,210

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

Family Promise of Morris County, Inc.

Statements of Activities

For the Year Ended December 31, 23

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants	\$ 1,760,707	-	\$1,760,707
Cash contributions	461,012	392,906	853,918
In-kind donations	599,993	-	599,993
Special events, net	47,353	-	47,353
Investment income	19,808	-	19,808
Rental income	4,121	-	4,121
	<u>2,892,994</u>	<u>392,906</u>	<u>3,285,900</u>
Net assets released from restrictions:			
Satisfaction of purpose	328,373	(328,373)	-
	<u>3,221,367</u>	<u>64,533</u>	<u>3,285,900</u>
Expenses:			
Program services	2,664,990	-	2,664,990
Management and general	611,664	-	611,664
Fundraising	88,020	-	88,020
Total expenses	<u>3,364,674</u>	<u>-</u>	<u>3,364,674</u>
Change in net assets	(143,307)	64,533	(78,774)
Net assets, beginning of year	<u>957,740</u>	<u>56,144</u>	<u>1,013,884</u>
Net assets, end of year	<u>814,433</u>	<u>120,677</u>	<u>\$ 935,110</u>

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

Family Promise of Morris County, Inc.

Statement of Functional Expenses

December 31, 2023

	<i>Program Services</i>			<i>Support Services</i>		
	Shelter & Housing Programs	Outreach Programs	Total	Management and General	Fund-raising	Total
Salaries and wages	772,806	131,526	904,332	272,092	62,047	1,238,471
Payroll taxes	67,867	11,551	79,418	23,895	5,449	108,762
Employee benefits	106,169	18,069	124,238	37,381	8,524	170,143
Professional fees and consultants	103,863	14,661	118,524	9,500	-	128,024
Direct support	1,032,765	-	1,032,765	-	-	1,032,765
Supplies and office expense	-	-	-	66,349	10,577	76,926
Occupancy	333,472	56,755	390,227	144,184	-	534,411
Insurance	8,910	1,516	10,426	3,952	-	14,378
Travel, conferences and meetings	17,042	2,405	19,447	-	-	19,447
Marketing and advertising	-	-	-	9,002	1,423	10,425
Depreciation	9,104	1,550	10,654	3,936	-	14,590
Other expenses	-	-	-	16,332	-	16,332
	<u>\$ 2,451,998</u>	<u>\$ 238,033</u>	<u>\$ 2,690,031</u>	<u>\$ 586,623</u>	<u>\$ 88,020</u>	<u>\$ 3,364,674</u>

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

Family Promise of Morris County, Inc.

Statement of Cash Flows

December 31, 2023

Net cash provided(used)by

Operating activities:

Changes in net assets \$ (78,774)

Adjustments to reconcile changes in net assets to net
cash provided by operating activities:

Depreciation 14,590

Increase (decrease) in cash from:

Grants receivable 131,795

Prepaid expenses 57,690

Rents received in advance (11,416)

Accounts payable and accrued (11,677)

102,208

Investing activities:

Reinvestment of investment income (16,797)

Proceeds from redemption of investments 50,000

33,203

Financing activities:

-

Net increase in cash and cash equivalents 135,411

Cash and cash equivalents, beginning of year 170,069

Cash and cash equivalents, end of year \$ 305,480

Supplemental disclosures:

Cash paid for interest \$ -

Contributed goods and services \$ 599,993

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

Note 1. Nature of Organization and Programs

Family Promise of Morris County, Inc. (“Family Promise” or the “Organization”) is a private, nonprofit organization incorporated in 1988 under the laws of the State of New Jersey. The Organization’s primary mission is to employ community resources that will end the crisis of homelessness among individuals and families in the County of Morris New Jersey. Through various programs aimed at ending homelessness, the Organization is committed to transforming lives impacted by homelessness through hope, dignity, and compassion.

Its primary support comes from donor contributions, government grants and fund-raising activities. A significant amount of support comes from the services of volunteers and in-kind contribution of space, professional services, and goods.

Listed below are descriptions of the programs and services offered by Family Promise:

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:

CARES Funding:

In response to the COVID-19 pandemic, the Organization was awarded Federal funds through the County of Morris to launch new programming in 2021 to address the devastating economic effects of the pandemic on our community. Programming included four components: Extended Stay Motel Sheltering, Rapid Rehousing, Street Outreach, and the former Promising Solutions Women’s Campus. This is one-time funding which was completed in August 2023; the majority was pass through for rental assistance. We have created new partnerships, policies and procedures, and systems level impact that will continue in our community. We have been strategically able to secure continued funding to support the continuation of the Evidenced Based Best Practices we have learned while selected programming will be consolidated or eliminated at the end of 2023.

Note 1. Nature of Organization and Programs (Continued)

Lived Experience:

The voices of those with lived experience are key to informing programs, policies, and procedures, and monitoring and evaluation of our services. People with Lived Experience serve on our Board of Trustees, our staff, our volunteer network, on committees and at events.

Diversity, Equity, Inclusion & Accessibility:

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 Board and Staff to better reflect those 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 shared success. We have put these values into action through the leadership of a Diversity, Equity, Inclusion, and Accessibility (DEIA) Committee, formalized by a Strategic Plan for advancing DEIA within the agency and through our work in the community. The committee is comprised of board members, staff, volunteers, and people with lived experience.

Wellness Committee:

Our 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 and support (time off, sick days and vacation for Full Time and Part Time Staff were increased). The agency closes for one full week in the summer and during the winter holidays. We have brought in grief counseling for staff and clients who have been increasingly impacted by loss throughout the pandemic and ongoing. The Committee shares useful resources with staff, clients and the community and hosts events focused on physical and mental health, offering added opportunities for staff from different departments to interact and bond.

Events:

Our Steve Hammond Homebound Hustle 5K & 1K walk has now become a signature yearly event. We also offer smaller engagement and community events (virtual comedy night, volunteer picnics, outreach events, free "shopping" days) and partner with local nonprofits, corporations, and volunteers on shared events for municipal leaders, other nonprofits, and those facing housing insecurity and health needs in Morris County.

PROGRAMS:

Shelter Program (ES): that mobilizes community resources to provide the most cost-effective services. By partnering with approximately 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 people. 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.

We are working with congregation and community partners to continue to support those sheltered in a non-congregate model, with volunteer support, in-kind donations, and food/hygiene items delivery. In 2023, the ES Program provided 898 nights of shelter to 4 families, totaling 11 individuals. **There was a 100% success rate of moving families out of shelter successfully into permanent housing.**

Note 1. Nature of Organization and Programs (Continued)

Housing Programs have a goal of supporting families and individuals in securing and maintaining permanent housing and access to benefits. In 2023, Housing Programs provided 61 households, totaling 96 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 Program 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 Solution (PS) was a collaboration with the County of Morris and a local nonprofit partner as the property manager. PS was a community-based women's campus that housed and supported women experiencing homelessness, poverty, and trauma. The campus contained nine residential homes with the capacity to house 32 residents, administrative offices, and recreation spaces - all set within a large block of green space. Our transformative programming provided a therapeutic and stigma-free campus environment grounded in wellness and recovery principles. PS was staffed by Licensed Clinical Social Workers, with regular events, activities, workshops, and activities designed to foster community. We are proud our role in the PS campus served as the foundation for future unique models in our community.

Rapid Rehousing & Diversion:

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 2023 RRH served 17 households, totaling 39 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 2023, 912 people were served through Outreach Programs (some duplication is possible if people participated in multiple programs). An additional 1,898 people were reached through mobile outreach.

Note 1. Nature of Organization and Programs (Continued)

Our Promise Resource and Drop-In Center serves chronically homeless individuals and 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.**

Navigating Hope Mobile Outreach (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 2023, the van made 298 trips in the community with 5,638 face-to-face contacts and provided case management services to 136 households.**

The Organization also provides other programs:

- The **Holiday Program** provides assistance to clients for all holidays and birthdays through gifts and donations. **In 2023, this program served 205 families, totaling 369 individuals.**
- The **Community Education Program** is designed to educate the community about homelessness and the societal issues facing homeless families.
- The **Making Moves Matter Program** is volunteer led and operated. This program works with households as they move from the temporary crisis of homelessness into permanent housing. A team of dedicated volunteers provides move in support, storage, and furnishings, decorations, food and set up of a new home. This provides dignity and respect as a household has choice in every aspect of the move in.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Family Promise of Morris County, Inc. have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation and Classification of Net Assets

The Organization reports information on its financial position and activities according to the reporting requirements of accounting principles generally accepted in the United States of America (U.S. GAAP), which specifies that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are categorized into two net asset classes as follows:

Net Assets Without Donor Restrictions are not subject to donor-imposed restrictions that are available for use in the Organization's programs under the direction of the Board of Trustees and those reserved or designated by the Board for specific purposes.

Note 2. Summary of Significant Accounting Policies (Continued)

Net Assets with Donor Restrictions are subject to donor-imposed restrictions that will be fulfilled by the passage of time or actions of the Organization's management. Items that affect this net asset category include contributions for which donor-imposed restrictions have not been met in the year of receipt, pledges, and corporate grants. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted grants and contributions, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization. Such net assets do not expire by the passage of time nor can be fulfilled or otherwise removed by the action of management. The restrictions stipulate that resources be maintained permanently but permit management to use income generated at its discretion.

Revenue Recognition and Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restriction. When a restriction expires, net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions that are satisfied in the same period received are reported as increases in net assets without donor restrictions.

Grants are recorded as either contributions or exchange transactions, in accordance with applicable standards. Grants that are considered contributions are recorded when funds are received and revenue is recognized when allowable expenses are incurred. Funds received in advance of their proper usage are accounted for as grant funds received in advance in the statement of financial position. Funds that are spent in accordance with grant contract requirements but not yet received are accounted for as grants receivable. Grants that are considered contributions include those from the U.S. Department of Housing and Urban Development and County of Morris.

Contributed Goods and Services

Contributed goods are recorded at fair value at the time of the contribution. Such contributions are recorded as unrestricted support unless the donor has restricted the asset to a specific purpose. The value of contributed services is recognized in the financial statements if such contributions increase the value of non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would normally need to be purchased if not donated. The value of contributed space, goods and services is further described in Note 13 of these financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Significant estimates used in these financial statements include the estimated depreciable lives of property and equipment, estimated allocation of functional expenses, accrued expenses, and other liabilities. Actual results could differ from these estimates.

Note 2. Summary of Significant Accounting Policies (Continued)

Equipment and Leasehold Improvements

Expenditures for equipment and leasehold improvements of the Organization are recorded at cost. Donated property and equipment are recorded at fair value at time of donation. Expenditures that significantly increase the useful lives of assets are capitalized and depreciated over the estimated useful lives of the assets. Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or term of the lease which range from 5 to 20 years.

The Organization has established a capitalization threshold of \$ 5,000.

Impairment of Long-Lived Assets

Management reviews for the impairment of each of the preceding long-lived assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar state provisions. It is also considered a public charity under appropriate sections of the Code, which allow donations to the Organization to be deductible as charitable contributions on income tax returns.

The Organization's accounting policy is to evaluate uncertain tax positions in accordance with Accounting Standards Codification (ASC) Topic 740, "Accounting for Uncertainty in Income Taxes." Pursuant to ASC, management has determined that it does not have any uncertain tax positions required to be reported.

Functional Allocations of Expenses

The costs of providing programs and services have been summarized on a functional basis in the Statement of Functional Expenses. Expenses directly attributable to a program are charged to that program. Expenses that cannot be directly charged to a specific program are allocated based on management's best estimate of the percentage attributable to each function.

Certain expenses attributable to more than one program or function are allocated based on a reasonable estimate that is consistently applied. Salaries are allocated based on reasonable estimates of time and effort. Facilities cost, depreciation and insurance are allocated by square footage. Office expense and other costs are allocated based on a percentage of salaries.

Cash

For cash flow statement purposes, the Organization considers highly liquid investments with initial maturities of three months or less to be cash equivalents. Book overdrafts, which represent outstanding checks issued that have not been presented to the bank at the statement of financial position date, are classified as accounts payable. There were no book overdrafts at December 31, 2023.

Note 2. Summary of Significant Accounting Policies (Continued)

Grants and Other Receivables

Receivables include unconditional promises to give and grants and are deemed to be fully collectible. Accordingly, the Organization does not record an allowance for credit losses. When amounts become uncollectible, they are charged operations in the year that determination is made. As of the date of the audit report, all outstanding receivables were collected.

Fair Value Measurements

The Organization accounts for fair value measurements in accordance with FASB ASC 820, *Fair Value Measurements*, which establishes a hierarchy for the inputs used to measure fair value. The hierarchy is organized into three levels based on the input assumptions used for pricing assets. Level 1 measurements are most observable and are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Market transactions occur with sufficient frequency and volume to ensure liquidity. Level 2 measurements are derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Level 3 are measurements that are least observable, are estimated from related market data, determined from sources with little or no activity from comparable contracts, or are positions with longer durations. Financial assets, which include cash and liabilities in these financial statements are measured at fair value using active market inputs (Level 1).

New Accounting Standards

Leases

The FASB issued ASU No. 2016-2 *Leases (Topic 842)*. The purpose of this update is to improve financial reporting of lease transactions. The new guidance requires a lessee to recognize assets and liabilities for leases with lease terms of more than twelve (12) months. Essentially, all leases that meet these criteria, whether operating or capital leases, are required to be treated as capital leases and recognized on the balance sheet.

Management is currently evaluating this standard and its effect on the Organization's operations. Upon completion of its evaluation of the new standard, Management will revise its policy as necessary.

Credit Losses

Effective January 1, 2023, Family Promise adopted ASU 2016-13 (*Topic 326 Financial Instruments-Credit Losses*). Under this standard management is required to use the expected loss model in determining credit losses, which will provide users with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Management has determined that the impact of the adoption is not material to the financial statements.

Subsequent Events

Management has evaluated subsequent events through November 11, 2024, the date the financial statements were available to be issued. No adjustments have been made to the financial statements as a result of management's evaluation.

Note 3. Concentrations of Risk

Cash

The Organization maintains cash in bank deposit accounts whose balances from time to time may exceed federally insured limits. As of December 31, 2023 there were no uninsured balances. The Organization has not experienced any losses on these accounts and believes it is not exposed to any significant credit risk on cash.

Revenue

For the year ended December 31, 2023, The Organization received program funding through grants from the Morris County Department of Human Services, the U.S. Department of Housing and Urban Development, and contributions from various corporations, foundations, and civic groups, congregations, and individuals. The loss of any one of these funders, if that were to occur, would not have an adverse effect on the operations of the Organization in the short term.

Note 4. Investments

Investments are currently comprised of money market funds recorded at fair value and measured at 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 5. Property and Equipment

Property and equipment as of December 31, 2023 consisted of the following:

	Estimated Useful Life	2023
Transportation equipment	5-15 Years	33,123
Other equipment	5-15 Years	36,958
Leasehold improvements	20 Years	80,662
		<u>150,743</u>
Less: accumulated depreciation		<u>(125,783)</u>
		<u>\$ 24,960</u>

Depreciation expense for the year ended December 31, 2023 amounted to \$14,590. Fully depreciated assets are still in use.

Note 6. Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising is expenses as incurred. During the year ended December 31, 2023 advertising costs totaled \$10,423.

Note 7. Compensated Absences

Employees of the Organization are entitled to paid vacation and sick days depending on length of service. The Organization requires its employees to take vacations in the year earned. However, management will approve earned vacation time up to 40 hours to be carried over to the next year. Unused vacation and sick time are tracked by an online Human Resources program. The Organization does not accrue the value of unused vacation time. Management believes that the amounts not accrued of unused vacation time would not have a material effect on the financial statements.

Note 8. Line of Credit

Family Promise maintains a bank line of credit in the amount of \$ 250,000. The line bears a variable interest rate of prime plus 3.5% at December 31, 2023. The line is secured by the assets of the Organization. As December 31, 2023 there were no borrowings outstanding against the line.

Note 9. Financial Assets and Liquidity Resources

As of December 31, 2023, financial assets, and liquidity resources available within one year for general purposes, such as operating and program expenses, were as follows:

<u>Financial assets</u>	
Cash	\$ 305,479
Accounts receivable	282,761
Investments	370,997
	<u>959,237</u>
Less: Restrictions	<u>(120,667)</u>
	838,570
<u>Liquidity resources</u>	
Line of credit	250,000
Total resouources available in one year for general expenditures	<u><u>\$1,088,570</u></u>

In general, the Organization’s goal is to maintain financial assets to meet 90 days of operating expenses approximately of \$683,000 as of December 31, 2023. The Organization has \$ 838,570 of financial assets and \$250,000 of liquidity resources These resources are available within one year of the Statement of Financial Position date to meet cash needs for general expenditures.

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.

Note 10. Retirement Plan

The Organization provides its employees with a defined contribution retirement plan that is managed by a third-party administrator. The plan covers all eligible employees. Employees can make voluntary, tax deferred contributions to the plan up to the legal limits. The Organization, at its discretion, may make contributions to the plan based on matching 100% of the first 2% of an eligible employee’s salary deferral if the employee is contributing to the plan. Matching contributions to the retirement plan are made on a bi-weekly basis. Management contributed \$ 17,507 in matching contributions in year 2023.

Note 11. Net Assets

Net assets at December 31, 2023 consisted of the following components:

Net assets without donor restrictions	\$ 814,433
Net assets with donor restrictions	
Shelter programs	42,253
Outreach programs	2,012
Other programs	22,391
Other restricted	54,021
	<u>120,677</u>
Total net assets	<u>\$ 935,110</u>

Note 12. 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 requires annual rental payments of \$1 through December 2028. The Organization was responsible for 60% of the costs of utilities and maintenance of the building until mid-2022, when we took over occupancy entirely. The Organization has a user 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.

Management has made an accounting policy election available under *Topic 842* to recognize right of use assets and lease liabilities only for leases with terms in excess of twelve months. Management has not recorded amounts for right of use asset or lease liability as the amount would not be material to the financial statements.

Note 13. Donated Occupancy, Services and Supplies

During the year ended December 31, 2023, the Organization recognized donated professional services, use of space and supplies as follows:

Donated Occupancy:

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

Clients	\$ 408,027
Agency / Day Center / Drop-in Center	<u>64,000</u>
Total Donated Occupancy	\$ 472,027

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, 2023, was as follows.

Facility Services	\$ 2,000
Consultant Professional Services	<u>20,447</u>
Total Donated Professional Services	\$ 22,447

Note 13. Donated Occupancy, Services and Supplies (Continued)

Donated Supplies:

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

Client Clothing, Furniture, and Household Items.....	\$ 85,030
Client Holiday Assistance.....	<u>20,489</u>
Total Donated Supplies.....	\$105,519

Other Services:

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, 2023 was as follows.

Overnight / Weekend Staffing Of Host Sites	\$ 20,016
Social Work Internships	76,298
Agency / Day Center / Drop-In Center Staffing	<u>77,179</u>
Total Donated Other Services.....	\$ 173,494

Note 14. Commitments and Contingencies

The Organization is subject to legal claims and other litigation arising out of the ordinary course of carrying out its activities. Such claims, even those without merit, could require the use of significant financial and management resources. At December 31, 2023 there were no outstanding claims or litigation that would materially affect the financial statements.

The Organization receives funds from federal, state, and local sources that are subject to audits by the awarding agencies. The result of such audits could subject the Organization to return of funds. Management is not aware of any material adjustments that would be necessary as the result of an audit and accordingly no provision has been made in the financial statements for any adverse effect of an audit.

Note 15. Payroll Tax and Annual Information Returns

At December 31, 2023 the Organization had filed all of its payroll tax returns and had paid all payroll tax liabilities. The Organization will file its federal Form 990 and New Jersey Charitable Registration Renewal Form for the year ended December 31, 2023 at the completion of its annual audit. These returns were timely filed for year 2022.

The Organization’s federal information returns are subject to review by the Internal Revenue Service up to three years after they are filed. Currently, years ended December 31, 2022, 2021 and 2020 are subject to review. In the event that the Organization determines that it is subject to interest and penalties, the Organization will present interest and penalties as a component of general and administrative expenses.

Family Promise of Morris County, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal/State Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	State Contract Number	Grant Amount	Grant Period	Current Year Expenditures
U.S. Department of Housing and Urban Development					
<u>Passed Through:</u>					
<i>Morris County Department of Human Services</i>					
Continuum of Care	14.267	NJ0358L2F092109	\$61,989.00	2/1/22-1/31/23	\$ 23,976
Continuum of Care	14.267	NJ0358L2F092210	61,989	2/1/23-1/31/24	45,387
Continuum of Care	14.267	NJ0456L2F092107	322,775	8/1/22-7/31/23	208,708
Continuum of Care	14.267	NJ0456L2F02208	322,775	8/1/23-7/31/24	110,446
Continuum of Care	14.267	NJ0661L2F092100	173,414	6/1/22-5/31/23	125,514
Continuum of Care	14.267	NJ0661L2F092201	173,414	6/1/23-5/31/24	112,341
					626,372
<i>Morris County Department of Human Services</i>					
Continuum of Care	14.251	B-23-CO-NJ-1026	1,761,700	4/1/23-8/31/31	22,080
<i>Morris County Department of Human Services</i>					
Emergency Solutions Grant	14231	B-23-UC-34-0105	34,619	7/1/22-6/30/23	34,619
Emergency Solutions Grant	14231	ESG-CV 1	1,245,000	11/20/20-8/31/23	146,619
					181,238
<i>Morris County Department of Human Services</i>					
Community Development					
Block Grant	14.218	05/23-1623	39,021	7/1/23 - 12/31/23	39,021
U.S. Department of Homeland Security					
<u>Passed through:</u>					
<i>Morris County Department of Human Services</i>					
Emergency Food & Shelter	97.024	LRO 600800-006 Phase ARPAR	225,237	5/9/22-4/30/23	95,406
Emergency Food & Shelter	97.024	LRO 600800-006 Phase 39	51,000	5/12/22-4/30/23	15,213
Emergency Food & Shelter	97.024	LRO 600800-006 Phase 39	16,000	09/01/22 to 08/31/23	7,000
					117,619
Total Expenditures of Federal Awards					\$ 986,330

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Family Promise of Morris County, Inc.
 Schedule of Expenditures of State Financial Assistance
 Year Ended December 31, 2023

State Grantor/ Pass-Through Grantor/ Program Title	State Contract Number	Grant Amount	Grant Period	Current Year Expenditures
New Jersey Department of Human Services				
<u>Passed Through:</u>				
<i>Morris County Department of Human Services</i>				
Social Services for the Homeless	SSH-2302	\$ 158,300	1/1/23 to 12/31/23	\$ 133,300
New Jersey Department of Community Affairs				
<i>Division of Community Affairs</i>				
Homeless Diversion Pilot 2023	23-95224-0035-00	225,000	8/1/22 to 6/30/23	224,843
Total Expenditures of State Financial Assistance				\$ 358,143

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Family Promise of Morris County, Inc.

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

December 31, 2023

Note 1. General Information

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activities in all the federal and state programs of Family Promise of Morris County, Inc. All financial assistance received directly from federal and state agencies as well as financial assistance passed through other governmental agencies are included on the schedule.

Note 2. Basis of Accounting

The accompanying schedule is presented on the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal and state funding agencies due to those reports being submitted on a cash or modified accrual basis of accounting.

Note 3. Relationship to Basic Financial Statements

Federal and state awards expenditures are reported on the statement of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance due to program expenditures exceeding grant or contract budget limitations or due to the application of accounting policies required under accounting principles generally accepted in the United States of America.

Note 4. Sub-Recipients

Of the federal and state expenditures presented in this schedule, no expenditures were used to provide federal or state awards to sub-recipients.

Note 5. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Frank Glien LLC

Certified Public Accountant

130 Dietz Street Cranford, NJ. 07016

Tel: (908)337-1590

fgliencpa@gmail.com

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*

Independent Auditor's Report

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Promise of Morris County, Inc. (the Organization) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued my report thereon dated November 11, 2024.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit 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 the Organization's internal control over financial reporting. 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 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 the Organization's financial statements are free of 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Frank Glien, LLC, CPA

Cranford, New Jersey
November 11, 2024

Frank Glien LLC

Certified Public Accountant

130 Dietz Street Cranford, NJ. 07016

Tel: (908)337-1590

fgliencpa@gmail.com

Report on Compliance for each Major Program and Report on Internal Control over Compliance Required by Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

I have audited Family Promise of Morris County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Family Promise of Morris County, Inc.'s major federal program for the year ended December 31, 2023. Family Promise of Morris County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Family Promise of Morris County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Family Promise of Morris County, Inc. and to meet my other ethical responsibilities, in accordance with 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 opinion on compliance for the major state program. My audit does not provide a legal determination of Family Promise of Morris County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family Promise of Morris County, Inc.'s state programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family Promise of Morris County, Inc.'s compliance based on my audit. 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, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family Promise of Morris County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Family Promise of Morris County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Family Promise of Morris County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the of expressing an opinion on the effectiveness of Family Promise of Morris County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Frank Glien, LLC, CPA

Cranford, New Jersey
November 11, 2024

Section I-Summary of Auditor’s Results

Financial Statement Section

- | | |
|--|--------------------|
| 1. Type of auditor’s report issued | Unmodified opinion |
| 2. Internal control over financial reporting | |
| • Material weakness (es) identified? | None noted |
| • Were significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Non-compliance material to the financial statements? | None noted |

Federal and State Financial Assistance Section

- | | |
|---|------------|
| 1. Dollar threshold used to determine Type A programs | \$ 750,000 |
| 2. Dollar threshold used to determine Type B programs | NA |
| 3. Auditee qualified as a low-risk auditee | No |
| 4. Type of auditor’s report on compliance | Unmodified |
| 5. Internal control over compliance | |
| • Material weakness (es) identified? | None noted |
| • Were significant deficiencies identified not considered to be material weaknesses? | None noted |
| • Any audit findings disclosed that are required to be reported in accordance with UG and N.J. Circular 15-08 | None noted |

6. Identification of major programs:

Federal Assistance Listing
 14.267
 14.231

Name of Federal Program
 Continuum of Care
 Emergency Solutions Grant

Section II- Financial Statement Findings

None

Section III-Federal and State Award Findings and Questioned Costs

None

Section IV-Follow Up of Prior Audit Findings

There were no financial statement findings or federal and state awards findings that were identified in the audit period ended December 31, 2023.