

FAMILY PROMISE OF NORTHERN
NEW CASTLE COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Promise of Northern New Castle County, Inc.
Wilmington, Delaware

We have audited the accompanying financial statements of Family Promise of Northern New Castle County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Northern New Castle County, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, reading "Sparano, Vincellette & Joiner". The signature is written in black ink and is positioned in the center of the page.

April 19, 2019
Wilmington, Delaware

Family Promise of Northern
New Castle County, Inc.
Statements of Financial Position
For the Years Ended December 31,

	<u>ASSETS</u>	
	<u>2 0 1 8</u>	<u>2 0 1 7</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 546,603	\$ 688,182
Grants Receivable	62,504	86,621
Prepaid Expenses	5,333	1,030
TOTAL CURRENT ASSETS	<u>614,440</u>	<u>775,833</u>
PROPERTY AND EQUIPMENT		
Leasehold Improvements	112,854	86,714
Furniture and Equipment	25,351	9,562
Transportation Equipment	28,188	45,002
TOTAL	<u>166,393</u>	<u>141,278</u>
Accumulated Depreciation	<u>(66,203)</u>	<u>(72,581)</u>
NET PROPERTY AND EQUIPMENT	<u>100,190</u>	<u>68,697</u>
OTHER ASSETS		
Security Deposit	<u>5,333</u>	<u>-0-</u>
<u>TOTAL ASSETS</u>	<u>\$ 719,963</u>	<u>\$ 844,530</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 15,902	\$ 5,624
Payroll Liabilities	11,982	9,311
Accrued Payroll	12,952	8,163
Other Current Liabilities	2,830	-0-
Deferred Revenue	<u>-0-</u>	<u>20,000</u>
TOTAL CURRENT LIABILITIES	<u>43,666</u>	<u>43,098</u>
NET ASSETS		
Without Donor Restrictions	493,758	438,939
With Donor Restrictions	<u>182,539</u>	<u>362,493</u>
TOTAL NET ASSETS	<u>676,297</u>	<u>801,432</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 719,963</u>	<u>\$ 844,530</u>

See accompanying notes to financial statements.

Family Promise of Northern
New Castle County, Inc.
Statements of Activities
For the Years Ended December 31,

	2 0 1 8		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Government Contracts and Grants	\$ 301,342	\$ -0-	\$ 301,342
Contributions	353,904	-0-	353,904
Fundraising	135,427	-0-	135,427
Interest Income	1,870	-0-	1,870
Loss on Disposal of Equipment	(579)	-0-	(579)
NET ASSETS RELEASED FROM RESTRICTIONS	<u>179,954</u>	<u>(179,954)</u>	<u>-0-</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>971,918</u>	<u>(179,954)</u>	<u>791,964</u>
EXPENSES			
Program Services	756,107	-0-	756,107
Management and General	94,440	-0-	94,440
Fundraising	<u>66,552</u>	<u>-0-</u>	<u>66,552</u>
TOTAL EXPENSES	<u>917,099</u>	<u>-0-</u>	<u>917,099</u>
INCREASE IN NET ASSETS	54,819	(179,954)	(125,135)
NET ASSETS - BEGINNING OF YEAR	438,939	362,493	801,432
PRIOR-PERIOD ADJUSTMENT	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS - END OF YEAR	<u>\$ 493,758</u>	<u>\$ 182,539</u>	<u>\$ 676,297</u>

2 0 1 7

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 322,052	\$ -0-	\$ 322,052
228,240	370,750	598,990
95,804	-0-	95,804
603	-0-	603
-0-	-0-	-0-
<u>8,257</u>	<u>(8,257)</u>	<u>-0-</u>
<u>654,956</u>	<u>362,493</u>	<u>1,017,449</u>
577,534	-0-	577,534
41,216	-0-	41,216
<u>17,975</u>	<u>-0-</u>	<u>17,975</u>
<u>636,725</u>	<u>-0-</u>	<u>636,725</u>
18,231	362,493	380,724
427,335	-0-	427,335
<u>(6,627)</u>	<u>-0-</u>	<u>(6,627)</u>
\$ <u><u>438,939</u></u>	\$ <u><u>362,493</u></u>	\$ <u><u>801,432</u></u>

See accompanying notes to financial statements.

Family Promise of Northern
New Castle County, Inc.
Statements of Functional Expenses
For the Years Ended December 31,

	2 0 1 8			
	<u>Program</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries and Wages	\$ 191,031	\$ 52,113	\$ 46,621	\$ 289,765
Payroll Taxes	15,310	4,177	3,736	23,223
Employee Benefits	<u>27,680</u>	<u>7,551</u>	<u>6,756</u>	<u>41,987</u>
Total Personnel Expenses	<u>234,021</u>	<u>63,841</u>	<u>57,113</u>	<u>354,975</u>
OTHER EXPENSES				
Advertising & Development	10,430	-0-	7,673	18,103
Affiliation Fees	-0-	7,343	-0-	7,343
Professional Fees	-0-	21,462	-0-	21,462
Insurance	7,568	116	185	7,869
Interest	-0-	-0-	-0-	-0-
Dues & Memberships	-0-	-0-	-0-	-0-
Licenses & Taxes	-0-	248	-0-	248
Guest Needs	408,626	-0-	-0-	408,626
Conferences & Training	2,116	-0-	-0-	2,116
Depreciation	9,177	531	149	9,857
Repairs & Maintenance	12,346	189	301	12,836
Rent	32,655	500	797	33,952
Security	2,060	32	50	2,142
Utilities	11,657	178	284	12,119
Office Expenses	18,447	-0-	-0-	18,447
Meetings & Parking	2,424	-0-	-0-	2,424
Travel	<u>4,580</u>	<u>-0-</u>	<u>-0-</u>	<u>4,580</u>
TOTAL OTHER EXPENSES	<u>522,086</u>	<u>30,599</u>	<u>9,439</u>	<u>562,124</u>
TOTAL EXPENSES	<u>\$ 756,107</u>	<u>\$ 94,440</u>	<u>\$ 66,552</u>	<u>\$ 917,099</u>

2 0 1 7			
<u>Program</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
\$ 172,777	\$ 14,324	\$ 6,490	\$ 193,591
13,405	1,111	503	15,019
<u>9,497</u>	<u>787</u>	<u>357</u>	<u>10,641</u>
<u>195,679</u>	<u>16,222</u>	<u>7,350</u>	<u>219,251</u>
6,838	-0-	4,637	11,475
-0-	6,300	-0-	6,300
-0-	11,036	5,988	17,024
8,149	906	-0-	9,055
-0-	99	-0-	99
25	-0-	-0-	25
-0-	-0-	-0-	-0-
311,573	-0-	-0-	311,573
1,022	1,925	-0-	2,947
11,380	1,264	-0-	12,644
7,071	-0-	-0-	7,071
15,979	1,776	-0-	17,755
-0-	-0-	-0-	-0-
8,756	972	-0-	9,728
6,087	676	-0-	6,763
858	40	-0-	898
<u>4,117</u>	<u>-0-</u>	<u>-0-</u>	<u>4,117</u>
<u>381,855</u>	<u>24,994</u>	<u>10,625</u>	<u>417,474</u>
\$ <u>577,534</u>	\$ <u>41,216</u>	\$ <u>17,975</u>	\$ <u>636,725</u>

See accompanying notes to financial statements.

Family Promise of Northern
New Castle County, Inc.
Statements of Cash Flows
For the Years Ended December 31,

	<u>2 0 1 8</u>	<u>2 0 1 7</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in Net Assets	\$(125,135)	\$ 380,724
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,857	12,644
Loss on Disposal of Equipment	579	-0-
Increase in Assets:		
Contracts Receivable	24,117	(86,621)
Prepaid Expenses	(4,303)	(1,030)
Security Deposit	(5,333)	-0-
Increase in Liabilities		
Accounts Payable and Accrued Expenses	12,949	5,173
Accrued Payroll	4,789	1,536
Other Current Liabilities	2,830	-0-
Deferred Revenue	<u>(20,000)</u>	<u>20,000</u>
CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(99,650)</u>	<u>332,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Leasehold Improvements	(26,140)	(1,831)
Furniture & Equipment	<u>(15,789)</u>	<u>-0-</u>
CASH USED BY INVESTING ACTIVITIES	<u>(41,929)</u>	<u>(1,831)</u>
NET (DECREASE) INCREASE IN CASH	(141,579)	330,595
CASH - BEGINNING OF YEAR	<u>688,182</u>	<u>357,587</u>
CASH - END OF YEAR	<u>\$ 546,603</u>	<u>\$ 688,182</u>

SUPPLEMENTAL INFORMATION

Cash paid during the year for interest	\$ <u>-0-</u>	\$ <u>99</u>
Cash paid during the year for taxes	\$ <u>-0-</u>	\$ <u>-0-</u>

NONCASH ACTIVITY

Donated goods and services received during the year	\$ <u>161,217</u>	\$ <u>94,879</u>
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See accompanying notes to financial statements.

Family Promise of Northern
New Castle County, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

NOTE 1 NATURE OF ENTITY

Family Promise of Northern New Castle County, Inc. (The Organization) is a nonprofit organization governed by a volunteer board to oversee the activities of the Organization. Their mission is to help homeless and low-income families move toward lasting independence by providing a safe place to eat and sleep, intensive case management, life skills training, support and encouragement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis of accounting revenues are recognized when earned and expenses are recognized in the period when incurred. Accordingly, all significant receivables, payables and other liabilities are recognized.

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - We report contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Family Promise of Northern
New Castle County, Inc.
Notes to Financial Statements (Cont'd)
For the Year Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Donated Materials and Services

Donated materials and equipment are recognized as contributions in the accompanying statements at their estimated values at date of receipt. Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of other volunteers have donated significant amounts of their time in the Organization's other program services and in its fund-raising campaigns and have not been reflected in the statements since the recognition criteria were not met.

Donated in-kind goods and services included in the accompanying financial statements as revenues and expenses are as follows:

	<u>2018</u>	<u>2017</u>
Meals	\$ 87,750	\$ 39,858
Lodging	15,600	10,400
Supplies	<u>57,867</u>	<u>44,621</u>
<u>Total</u>	<u>\$161,217</u>	<u>\$ 94,879</u>

Grants Receivable

Grants receivable are recorded at the undiscounted amounts of earned revenues. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Deferred Revenue

Deferred revenue consists of grants received by the Organization before December 31, for support of programs which will take place in the following year.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefitted.

Family Promise of Northern
New Castle County, Inc.
Notes to Financial Statements (Cont'd)
For the Year Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The generally accepted accounting principles followed by the Organization have clarified the framework for measuring fair value and expanded the disclosure requirements for value measurements. The carrying amounts for cash, receivables and current liabilities are reported in the statement of financial position at approximate fair values. Other assets, including property and equipment, are also subject to periodic impairment assessments under the accounting principles, however these assets have been omitted from the above disclosure.

NOTE 3 INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization's income tax status is a privilege, which may be revoked by the IRS for any one of several reasons. The Organization has considered the nature of their activities and the disclosures made on their tax return, Form 990, and believes their reporting is appropriate based on current facts and circumstances. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements. The tax returns filed for the past three years are open for review.

NOTE 4 CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

At various times during the fiscal year, the Organization's cash in bank balances exceeded the Federally insured limits. At December 31, 2018, the Organization's uninsured cash balances totaled \$201,732.

Family Promise of Northern
New Castle County, Inc.
Notes to Financial Statements (Cont'd)
For the Year Ended December 31, 2018 and 2017

NOTE 5 LAND, BUILDINGS AND EQUIPMENT AND DEPRECIATION

Fixed assets are stated at cost if purchased and at estimated fair market value if donated. Expenditures for renewals and betterments are capitalized. When assets are sold or otherwise disposed of, any gains or losses on such disposition are recognized in the statement of activities.

Expenditures for maintenance, repairs, minor renewals and betterments which do not improve or extend the useful life of the respective asset are expensed. Depreciation of buildings and equipment is provided using the straight-line basis over the estimated useful lives of the assets.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets were temporarily restricted as of December 31, for the following purposes:

	<u>2018</u>	<u>2017</u>
Hospitality Shelter	\$182,539	\$355,000
Transportation	-0-	5,743
Motel Vouchers	-0-	1,750
	<u>\$182,539</u>	<u>\$362,493</u>

NOTE 7 COMMITMENT

The Organization leases space under two operating lease. The first lease expires in January 2021 and requires payment of 50% of the combined cost of each annual fire suppression system test mandated by New Castle County. The second lease expires in September 2019. Rent expense under these leases was \$33,952 and \$17,755 for the years ended December 31, 2018 and 2017, respectively.

Minimum future rentals under these noncallable operating leases are as follows:

Year Ending December 31,	
2019	\$ 66,211
2020	18,570
2021	<u>1,580</u>
	<u>\$ 86,361</u>

NOTE 8 PENSION PLAN

As of June 2017, the Organization offers a SIMPLE pension plan covering all full-time employees who have completed one year of service. The Organization makes matching contributions up to 3% of a participant's annual salary. The matching contribution was \$4,213 and \$2,848 for 2018 and 2017, respectively.

Family Promise of Northern
New Castle County, Inc.
Notes to Financial Statements (Cont'd)
For the Year Ended December 31, 2018 and 2017

NOTE 9 CONCENTRATION OF CREDIT RISK

Government contract and grants include contracts for services which require periodical renewal with no guarantee of renewal. Such revenue represented approximately 38% and 32% of total revenue and support for the years ended December 31, 2018 and 2017, respectively. Also, 100% of grants receivable is due from these contracts as of December 31, 2018.

NOTE 10 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

NOTE 11 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash & Cash Equivalents \$ 364,533

As part of our liquidity management plan, we invest cash in excess of daily requirements in savings and money market funds.

NOTE 12 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through April 19, 2019, which is the date the financial statements were available to be issued.