

FAMILY PROMISE OF NORTHERN  
NEW CASTLE COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### INDEPENDENT AUDITOR'S REPORT

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

#### ***Opinion***

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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2020 and 2019, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Promise of Northern New Castle County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Northern New Castle 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 Statments***

Our 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 our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 omission, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Northern New Castle 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 our judgment, there are any conditions or events, considered in the aggregate, that raise substantial doubt about Family Promise of Northern New Castle County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Sparano, Vincellette & Joiner*

March 25, 2021  
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 2 0</u>	<u>2 0 1 9</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 604,194	\$ 292,601
Grants Receivable	151,548	103,618
Prepaid Expenses	459	-0-
TOTAL CURRENT ASSETS	<u>756,201</u>	<u>396,219</u>
PROPERTY AND EQUIPMENT		
Leasehold Improvements	112,854	112,854
Furniture and Equipment	33,813	33,813
Transportation Equipment	28,188	28,188
TOTAL	<u>174,855</u>	<u>174,855</u>
Accumulated Depreciation	<u>(91,412)</u>	<u>(79,599)</u>
NET PROPERTY AND EQUIPMENT	<u>83,443</u>	<u>95,256</u>
OTHER ASSETS		
Security Deposit	<u>5,333</u>	<u>5,333</u>
<u>TOTAL ASSETS</u>	<u>\$ 844,977</u>	<u>\$ 496,808</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 13,893	\$ 7,465
Payroll Liabilities	6,794	1,433
Accrued Payroll	3,674	18,620
Other Current Liabilities	<u>2,830</u>	<u>2,830</u>
TOTAL CURRENT LIABILITIES	<u>27,191</u>	<u>30,348</u>
NET ASSETS		
Without Donor Restrictions	767,704	449,685
With Donor Restrictions	<u>50,082</u>	<u>16,775</u>
TOTAL NET ASSETS	<u>817,786</u>	<u>466,460</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 844,977</u>	<u>\$ 496,808</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 2 0		
	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Government Contracts and Grants	\$ 764,202	\$ -0-	\$ 764,202
Contributions	550,595	116,563	667,158
Fundraising	183,811	-0-	183,811
Interest Income	481	-0-	481
Conditional Contributions	-0-	58,371	58,371
NET ASSETS RELEASED FROM RESTRICTIONS	<u>141,627</u>	<u>(141,627)</u>	<u>-0-</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>1,640,716</u>	<u>33,307</u>	<u>1,674,023</u>
EXPENSES			
Program Services	1,101,809	-0-	1,101,809
Management and General	148,240	-0-	148,240
Fundraising	<u>72,648</u>	<u>-0-</u>	<u>72,648</u>
TOTAL EXPENSES	<u>1,322,697</u>	<u>-0-</u>	<u>1,322,697</u>
INCREASE IN NET ASSETS	318,019	33,307	351,326
NET ASSETS - BEGINNING OF YEAR	<u>449,685</u>	<u>16,775</u>	<u>466,460</u>
NET ASSETS - END OF YEAR	<u>\$ 767,704</u>	<u>\$ 50,082</u>	<u>\$ 817,786</u>

2 0 1 9

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 609,830	\$ -0-	\$ 609,830
378,990	37,097	416,087
114,169	-0-	114,169
2,333	-0-	2,333
-0-	-0-	-0-
<u>202,861</u>	<u>(202,861)</u>	<u>-0-</u>
 <u>1,308,183</u>	 <u>(165,764)</u>	 <u>1,142,419</u>
 1,152,240	 -0-	 1,152,240
129,550	-0-	129,550
70,466	-0-	70,466
<u>1,352,256</u>	<u>-0-</u>	<u>1,352,256</u>
 (44,073)	 (165,764)	 (209,837)
 <u>493,758</u>	 <u>182,539</u>	 <u>676,297</u>
 \$ <u><u>449,685</u></u>	 \$ <u><u>16,775</u></u>	 \$ <u><u>466,460</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 2 0			
	<u>Program</u>	<u>Management &amp; General</u>	<u>Fund- raising</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries and Wages	\$ 276,714	\$ 86,345	\$ 50,778	\$ 413,837
Payroll Taxes	23,801	7,427	4,368	35,596
Employee Benefits	49,498	15,445	9,083	74,026
Total Personnel Expenses	<u>350,013</u>	<u>109,217</u>	<u>64,229</u>	<u>523,459</u>
OTHER EXPENSES				
Advertising & Development	4,913	-0-	3,798	8,711
Affiliation Fees	-0-	8,925	-0-	8,925
Professional Fees	-0-	17,400	-0-	17,400
Insurance	7,232	430	187	7,849
Interest	-0-	-0-	-0-	-0-
Entertainment	-0-	-0-	-0-	-0-
Licenses & Taxes	-0-	2,150	-0-	2,150
Guest Needs	546,813	-0-	-0-	546,813
Conferences & Training	170	-0-	-0-	170
Depreciation	11,092	486	235	11,813
Repairs & Maintenance	17,719	1,053	459	19,231
Janitorial	708	42	18	768
Rent	75,744	4,503	1,963	82,210
Security	36,267	2,156	940	39,363
Utilities	31,605	1,878	819	34,302
Office Expenses	14,348	-0-	-0-	14,348
Meetings & Parking	371	-0-	-0-	371
Travel	4,814	-0-	-0-	4,814
TOTAL OTHER EXPENSES	<u>751,796</u>	<u>39,023</u>	<u>8,419</u>	<u>799,238</u>
TOTAL EXPENSES	<u>\$1,101,809</u>	<u>\$ 148,240</u>	<u>\$ 72,648</u>	<u>\$1,322,697</u>

2 0 1 9			
<u>Program</u>	<u>Management &amp; General</u>	<u>Fund- raising</u>	<u>Total</u>
\$ 273,172	\$ 71,435	\$ 46,591	\$ 391,198
23,528	6,153	4,013	33,694
<u>29,570</u>	<u>7,733</u>	<u>5,044</u>	<u>42,347</u>
<u>326,270</u>	<u>85,321</u>	<u>55,648</u>	<u>467,239</u>
5,555	-0-	4,539	10,094
-0-	6,750	-0-	6,750
-0-	23,084	-0-	23,084
9,305	553	241	10,099
-0-	140	-0-	140
-0-	-0-	5,375	5,375
-0-	2,893	-0-	2,893
593,422	-0-	-0-	593,422
1,058	-0-	-0-	1,058
12,518	646	232	13,396
9,938	591	258	10,787
6,459	384	167	7,010
75,582	4,493	1,959	82,034
48,782	2,900	1,264	52,946
30,198	1,795	783	32,776
26,076	-0-	-0-	26,076
1,653	-0-	-0-	1,653
<u>5,424</u>	<u>-0-</u>	<u>-0-</u>	<u>5,424</u>
<u>825,970</u>	<u>44,229</u>	<u>14,818</u>	<u>885,017</u>
<u>\$1,152,240</u>	<u>\$ 129,550</u>	<u>\$ 70,466</u>	<u>\$1,352,256</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 2 0</u>	<u>2 0 1 9</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 351,326	\$ (209,837)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	11,813	13,396
(Increase) Decrease in Assets:		
Contracts Receivable	(47,930)	(41,114)
Prepaid Expenses	(459)	5,333
Security Deposit	-0-	-0-
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	11,789	(18,986)
Accrued Payroll	(14,946)	5,668
Other Current Liabilities	<u>-0-</u>	<u>-0-</u>
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>311,593</u>	<u>(245,540)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Furniture & Equipment Purchased	<u>-0-</u>	<u>(8,462)</u>
CASH USED BY INVESTING ACTIVITIES	<u>-0-</u>	<u>(8,462)</u>
NET INCREASE (DECREASE) IN CASH	311,593	(254,002)
CASH - BEGINNING OF YEAR	<u>292,601</u>	<u>546,603</u>
CASH - END OF YEAR	<u>\$ 604,194</u>	<u>\$ 292,601</u>

SUPPLEMENTAL INFORMATION

Cash paid during the year for interest	\$ <u>-0-</u>	\$ <u>140</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>142,018</u>	\$ <u>111,033</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, 2020 and 2019

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 from services are recognized when the performance obligations of providing the services are met. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. 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, 2020 and 2019

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>2020</u>	<u>2019</u>
Meals	\$ 74,306	\$ 74,306
Lodging	2,700	10,950
Supplies	<u>65,012</u>	<u>25,777</u>
<u>Total</u>	<u>\$142,018</u>	<u>\$111,033</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.

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, 2020 and 2019

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, 2020, the Organization's uninsured cash balances totaled \$244,585.



Family Promise of Northern  
New Castle County, Inc.  
Notes to Financial Statements (Cont'd)  
For the Year Ended December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
Air Beds	\$ 5,193	\$ 8,675
Playground Equipment	4,548	8,100
Laundry Equipment	8,813	-0-
Motel Vouchers	881	-0-
Diversion	15,508	-0-
Hospitality Center	12,726	-0-
Rent Assistance	1,534	-0-
Technology	879	-0-
	<u>\$ 50,082</u>	<u>\$ 16,775</u>

NOTE 7 COMMITMENT

The Organization leases space under two operating leases. 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 October 2023. Rent expense under these leases was \$82,210 and \$82,034 for the years ended December 31, 2020 and 2019, respectively.

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

Year Ending December 31,	
2021	\$ 65,900
2022	65,606
2023	<u>49,939</u>
	<u>\$181,445</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 \$4,699 and \$4,450 for 2020 and 2019, respectively.

Family Promise of Northern  
New Castle County, Inc.  
Notes to Financial Statements (Cont'd)  
For the Year Ended December 31, 2020 and 2019

NOTE 9      CONCENTRATION OF CREDIT RISK

Government contracts and grants include contracts for services which require periodical renewal with no guarantee of renewal. Such revenue represented approximately 46% and 53% of total revenue and support for the years ended December 31, 2020 and 2019, respectively. Also, 100% of grants receivable is due from these contracts as of December 31, 2020.

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 as of December 31:

	<u>2020</u>	<u>2019</u>
Cash & Cash Equivalents	\$ 554,112	\$ 275,826

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

NOTE 12     COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements, and travel restrictions in connection with the COVID-19 outbreak. The extent of the impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact of the COVID-19 pandemic on overall fundraising efforts, all of which are highly uncertain and cannot be predicted. The Organization's activities are considered "essential services" and operations have not been suspended due to the pandemic.

Family Promise of Northern  
New Castle County, Inc.  
Notes to Financial Statements (Cont'd)  
For the Year Ended December 31, 2020 and 2019

NOTE 12    COVID-19 (Cont'd)

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Company obtained a PPP loan for \$58,371. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied for the PPP loan to fund payroll and other allowable costs while the Organization responded to government restrictions on operations and anticipated reduced grants and support. The funds have been classified as a conditional contribution in the financial statements due to the high likelihood that this loan will be forgiven in full.

NOTE 13    SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through March 25, 2021, which is the date the financial statements were available to be issued.