

FAMILY PROMISE OF ESSEX COUNTY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION
YEAR ENDED DECEMBER 31, 2022)**



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FAMILY PROMISE OF ESSEX COUNTY, INC.
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION
YEAR ENDED DECEMBER 31, 2022)

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
INDEPENDENT AUDITORS' 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>	19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	21



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Family Promise of Essex County, Inc.
Montclair, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family Promise of Essex County, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Essex 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2023, the Organization adopted new accounting guidance for the measurement of credit losses on financial instruments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

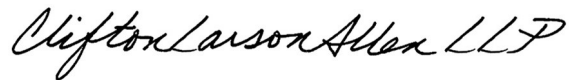
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2022 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated June 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Livingston, New Jersey
June 4, 2024

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 715,745	\$ 633,235
Pledges Receivable, Short-Term, Net	34,940	26,703
Contributions Receivable	49,553	37,500
Grants Receivable	106,026	100,453
Accounts Receivable	7,499	-
Prepaid Expenses	11,877	2,573
Total Current Assets	925,640	800,464
PROPERTY AND EQUIPMENT, NET	2,663	2,783
PLEDGES RECEIVABLE, LONG-TERM, NET	57,121	84,203
SECURITY DEPOSITS	4,000	2,500
OPERATING RIGHT-OF-USE ASSET, NET OF ACCUMULATED AMORTIZATION	6,094	8,254
Total Assets	\$ 995,518	\$ 898,204
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 36,072	\$ 34,410
Current Portion of Notes Payable	3,716	3,615
Deferred Revenue	99,056	-
Current Portion of Operating Lease Liability	2,190	2,160
Total Current Liabilities	141,034	40,185
NOTES PAYABLE, NET OF CURRENT PORTION	142,569	146,285
OPERATING LEASE LIABILITY, NET OF CURRENT PORTION	3,904	6,094
Total Liabilities	287,507	192,564
NET ASSETS		
Without Donor Restrictions	634,335	592,710
With Donor Restrictions	73,676	112,930
Total Net Assets	708,011	705,640
Total Liability and Net Assets	\$ 995,518	\$ 898,204

See accompanying Notes to Financial Statements.

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED, COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>Total 2022</u>
SUPPORT AND REVENUE				
Contributions:				
Individuals	\$ 225,340	\$ 32,000	\$ 257,340	\$ 388,723
Foundations	198,253	55,000	253,253	163,560
Religious Organizations	32,738	-	32,738	58,508
Business Organizations	37,496	-	37,496	100,710
Community Groups	8,101	1,258	9,359	4,500
Government Grants	584,087	-	584,087	583,705
Donated Services and Materials	20,940	-	20,940	22,524
Program Service and Other Revenue	23,787	-	23,787	15,069
Special Events:				
Special Events, Net	122,037	-	122,037	-
Total Support and Revenue	<u>1,252,779</u>	<u>88,258</u>	<u>1,341,037</u>	<u>1,337,299</u>
NET ASSETS RELEASED FROM RESTRICTIONS	127,512	(127,512)	-	-
EXPENSES				
Program Services	1,111,620	-	1,111,620	1,113,579
Management and General	72,197	-	72,197	54,213
Fundraising	154,849	-	154,849	152,881
Total Expenses	<u>1,338,666</u>	<u>-</u>	<u>1,338,666</u>	<u>1,320,673</u>
CHANGES IN NET ASSETS	41,625	(39,254)	2,371	16,626
Net Assets - Beginning of Year	<u>592,710</u>	<u>112,930</u>	<u>705,640</u>	<u>689,014</u>
NET ASSETS - END OF YEAR	<u>\$ 634,335</u>	<u>\$ 73,676</u>	<u>\$ 708,011</u>	<u>\$ 705,640</u>

See accompanying Notes to Financial Statements.

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED, COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	Program Expenses			Total Program Expenses	Supporting Services		2023 Total	2022 Total
	Prevention	Shelter	Housing and Stabilization		Management and General	Fundraising		
SALARIES AND RELATED EXPENSES								
Salaries	\$ 103,723	\$ 95,410	\$ 185,070	\$ 384,203	\$ 39,830	\$ 59,487	\$ 483,520	\$ 406,277
Payroll Taxes	9,581	8,813	17,094	35,488	3,678	5,495	44,661	36,974
Employee benefits	9,718	8,939	17,340	35,997	3,732	5,573	45,302	30,245
Total Salaries and Related Expenses	123,022	113,162	219,504	455,688	47,240	70,555	573,483	473,496
OTHER EXPENSES								
Client Services:								
Rental Assistance	143,575	-	78,381	221,956	-	-	221,956	258,830
Security Deposits	32,840	-	27,679	60,519	-	-	60,519	79,732
Utilities Assistance	18,052	-	-	18,052	-	-	18,052	7,663
Shelter Facilities	-	96,920	-	96,920	-	-	96,920	191,529
In-Kind donations	-	20,940	-	20,940	-	-	20,940	-
Client Needs Assistance	1,461	16,641	32,214	50,316	-	-	50,316	63,466
Professional Fees	14,015	12,892	25,005	51,912	5,382	8,038	65,332	50,735
Insurance	3,536	3,253	6,310	13,099	1,358	2,028	16,485	14,256
Office Rent and Utilities	9,779	11,347	17,263	38,389	4,613	7,750	50,752	47,553
Office Supplies and Expenses	9,888	9,097	34,456	53,441	3,798	5,672	62,911	47,940
Telecommunications	2,318	6,709	8,712	17,739	1,832	4,695	24,266	18,285
Fundraising Costs	-	-	-	-	-	55,102	55,102	42,275
Dues and Subscriptions	1,287	1,184	2,297	4,768	494	738	6,000	4,500
Professional Development	437	402	6,954	7,793	168	251	8,212	5,707
Miscellaneous Expenses	-	-	-	-	237	-	237	918
Bad Debt Expense	-	-	-	-	7,063	-	7,063	13,049
Total Expenses before Depreciation	360,210	292,547	458,775	1,111,532	72,185	154,829	1,338,546	1,319,934
DEPRECIATION	25	30	33	88	12	20	120	739
Total Expenses	<u>\$ 360,235</u>	<u>\$ 292,577</u>	<u>\$ 458,808</u>	<u>\$ 1,111,620</u>	<u>\$ 72,197</u>	<u>\$ 154,849</u>	<u>\$ 1,338,666</u>	<u>\$ 1,320,673</u>

See accompanying Notes to Financial Statements.

FAMILY PROMISE OF ESSEX COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION YEAR ENDED DECEMBER 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,371	\$ 16,626
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	120	739
Bad Debt Expense	7,063	13,049
Discount on Pledges Receivable	3,572	6,762
Changes in Certain Assets and Liabilities:		
Pledges Receivable	8,210	(100,505)
Contributions Receivable	(12,053)	(2,500)
Accounts Receivable	(7,499)	-
Grants Receivable	(5,573)	21,093
Prepaid Expenses	(9,304)	3,117
Accounts Payable and Accrued Expenses	1,662	(5,866)
Security Deposits	(1,500)	-
Deferred Revenue	99,056	-
Net Cash Provided (Used) by Operating Activities	86,125	(47,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments Made Towards Notes payable	(3,615)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	82,510	(47,485)
Cash - Beginning of Year	633,235	680,720
CASH - END OF YEAR	\$ 715,745	\$ 633,235
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 4,077	\$ -

See accompanying Notes to Financial Statements.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Established in 1987, Family Promise of Essex County, Inc. (Organization) (formerly known as Interfaith Hospitality Network for the Homeless of Essex County, Inc.) is based in Montclair, New Jersey. The mission of the organization is to help homeless and at-risk families achieve self-sufficiency by providing shelter, social services, and housing assistance through a community-based approach. The organization's programs include:

Prevention and Diversion

Family Promise of Essex County (FPE) provides prevention and diversion assistance for families in financial crisis and on the verge of becoming homeless. Preventing or diverting families from entering shelter is cost effective, better for parents and children, and essential part of our mission. Assistance includes current and back rent, first and last month's rent and security deposit. Families work with an FPE Case Manager to achieve their goals for stable housing, independence, and self-sufficiency. FPE's programming also includes services such as job training, job search and interviewing skills; seminars on workplace protocol, budget management, landlord/tenant relationships, apartment maintenance, parenting, wellness, and nutrition; and assistance with childcare and transportation options.

Emergency Shelter

Family Promise of Essex County provides temporary shelter for families in extended-stay motel rooms and a rent-subsidized large home that is leased through interfaith hospitality partners. The shelter model also includes a comprehensive guidance, and referrals to find housing and jobs through case management by FPE Case Managers, as well as community engagement and meal and groceries deliveries through congregational partners and other volunteers.

Housing and Stabilization

Housing stability is the overall goal for all FPE programs. FPE helps families obtain permanent housing by providing security deposits, utility deposits, rental assistance, and move-in assistance. FPE Case Managers work with their clients to help them establish and achieve their goals for housing and employment. Additionally, Case Managers assist clients with housing search, application, and leasing processes.

Once housed, FPE offers youth and adult workshops and economic mobility mentoring to help families improve their household income and overall well-being. School supplies, holiday celebrations, etc. are available to families, as well as summer camp opportunities and other educational/community-building field trips.

As a supplement to existing Stabilization activities, FPE partnered with Circles USA to launch the first Circles chapter in New Jersey in late 2022. The goal of Circles Essex County is to help families make the journey out of poverty and to remove the barriers that keep them there. The program creates intentional relationships across income lines to support families in achieving their goals, and creates social capital through bonding, bridging, and linking people across socio-economic lines.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standard

The Organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements.

Financial Statement Presentation

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

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash

Cash consists of funds maintained in checking, savings and money market accounts. At times, such deposits exceed insured limits. The Organization reduces its exposure to credit risk by maintaining such deposits with major financial institutions and monitoring their credit ratings.

Pledges Receivable

Pledges receivable are recognized as revenue in the period received at fair value if they are unconditional promises. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

The Organization charges uncollectible pledges receivable to operations when determined to be uncollectible based on historical trends. The allowance for uncollectible pledges has been reviewed by management and it has been determined to be adequate. At December 31, 2023 and 2022, the allowance for uncollectible pledges receivable was \$18,000 and \$15,000, respectively.

Property and Equipment

Property and equipment are stated at cost, or, if donated, at the fair market value at the date of gift. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Transportation Equipment	5 to 7 Years
Leasehold Improvements	3 to 4 Years
Furniture and Equipment	10 Years

Contributions

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions receivable are receivables that the Organization expects to be collected within one year and are recorded at their net realizable value. The Organization charges uncollectible receivables to fundraising when determined to be uncollectible. The allowance for uncollectible receivables has been reviewed by management, and it has been determined that no allowance is necessary based on historical collection trends.

Funds received from various state and local agencies represent conditional contributions awarded to the Organization to provide program services. Revenue with respect to these awards is recognized to the extent of expenses incurred under the award terms. Grants receivable represent amounts due to the Organization from governmental agencies for expenditures incurred during the years ended December 31, 2023 and 2022.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization occasionally derives a portion of its revenue from a special event. The direct benefit to donors of the special event is recognized as revenue in the financial statements. The direct benefit to donors is an amount that reflects the consideration the Organization expects to be entitled to in exchange for the event. For the performance obligation relating to the direct benefit to donors, control transfers to the client at a point in time when the event takes place. There are no significant financing components or variable considerations provided to clients.

Leases

The Organization leases a copier. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) asset, other current liabilities, and operating lease liability on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position.

The individual lease contract does not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Donated Services and Materials

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 that typically would be purchased if not provided by donation. Donated services and materials are recorded as contributions at their estimated fair value at the date of donation.

Advertising

The Organization expenses advertising costs as they are incurred.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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.

Income Taxes

The Organization is exempt from federal and state income taxes, under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2023 or 2022. At December 31, 2023 and 2022, there were no significant income tax uncertainties and penalties, disclosures or transitions. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense.

Summarized, Comparative Information

The financial statements include certain prior-year summarized, comparative information in total but not by net asset class or functional area. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2023 through June 4, 2024, the date that the financial statements were available to be issued.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 3 PLEDGES RECEIVABLE

All pledged commitments have been made for the benefit of homeless families.

Pledges are expected to be received as follows:

	2023	2022
In Less than One Year	\$ 52,940	\$ 41,703
In One to Five Years	60,693	90,965
Pledges Receivable	113,633	132,668
Less: Allowance for Uncollectible Pledges	(18,000)	(15,000)
Less: Unamortized Discount	(3,572)	(6,762)
Net Pledges Receivable	\$ 92,061	\$ 110,906

Pledges receivable with due dates extending beyond one year are discounted using a rate at December 31, 2023 and 2022, of 4%.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2023	2022
Transportation Equipment	\$ 36,654	\$ 36,654
Leasehold Improvements	29,122	29,122
Furniture and Equipment	23,738	23,738
Subtotal	89,514	89,514
Less: Accumulated Depreciation	(86,851)	(86,731)
Total	\$ 2,663	\$ 2,783

NOTE 5 OPERATING LEASES

The Organization leases equipment under a long-term, noncancelable lease agreement. The lease expires on September 28, 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease. Additionally, the agreement generally requires the Organization to pay for copies in excess of the monthly amounts stated in the agreement.

The following table provides quantitative information concerning the Organization's lease as of December 31, 2023:

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 5 OPERATING LEASES (CONTINUED)

	<u>2023</u>	<u>2022</u>
Operating Lease Cost	<u>\$ 2,259</u>	<u>\$ 2,259</u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 2,259	\$ 2,259
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 10,384
Weighted-Average Remaining Lease Term - Operating Leases	2.7 Years	3.7 Years
Weighted-Average Discount Rate - Operating Leases	1.37%	1.37%

The Organization classifies the total discounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for the operating lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 2,259
2025	2,259
2026	<u>1,695</u>
Total Lease Payments	6,213
Less: Imputed Interest	<u>(119)</u>
Present Value of Lease Payments	<u>\$ 6,094</u>

NOTE 6 CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consists of the following:

	<u>2023</u>	<u>2022</u>
Household Goods and Food	\$ 20,940	\$ 19,224
Rent	<u>-</u>	<u>3,300</u>
Total Contributed Nonfinancial Assets	<u>\$ 20,940</u>	<u>\$ 22,524</u>

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

<u>Contributed Nonfinancial Asset</u>	<u>Valuation Techniques and Inputs</u>
Household Goods and Food	Estimated based on estimates of retail values for similar products
Rent	Estimated based on rental rates for similar properties in the same geographical market

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 6 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

The Organization receives donated household goods and food for program use and also receives donated rent for the use of space. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

All gifts-in-kind received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by management.

NOTE 7 NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

	2023	2022
Purchase of Equipment and Software	\$ -	\$ 7,166
Special Client Needs	1,258	-
Montclair Residents	88,981	38,035
Special Gifts	1,000	1,230
Expired Time Restrictions on Pledges Received	36,273	6,684
Total	\$ 127,512	\$ 53,115

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

The following net assets with donor restrictions are available for the following purposes:

	2023	2022
Montclair Residents	\$ 12,984	\$ 21,965
Time Restriction on Pledge Receivable	60,692	90,965
Total Net Assets With Donor Restriction	\$ 73,676	\$ 112,930

NOTE 9 FUNCTIONAL EXPENSES

Costs of providing the Organization's program services, management and general, and fundraising activities are separately summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among program services, management and general, and fundraising activities benefited. Management and general costs include those expenses that are not directly identifiable with any other specific function but do provide for the overall support and direction of the Organization. Client services and bad debt expense are based on the direct-costing method. All other expenses are based on time and effort.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 10 CONCENTRATIONS OF RISK

Support and Revenue

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received 43.5% for the years ended December 31, 2023 and 2022, from government grants. A material reduction of such support could have a significant impact on the Organization's operations. Management, however, does not expect that its support will be materially reduced. The Organization is also subject to audits by certain state and federal agencies, which may result in findings based on various issues. Anticipation of potential audit results is currently not determinable. Accordingly, no accruals have been recorded in the financial statements for any adjustments that might be required based on potential future audits.

Legal

The Organization is involved with certain claims and other routine litigation matters in the normal course of operations. In the opinion of management, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on the Organization's financial position or results of operations.

NOTE 11 LOANS PAYABLE

Loans payable consists of the following:

	2023	2022
<p>The Organization secured an economic injury disaster loan from the Small Business Administration, which is to be used for working capital purposes. The loan is payable over 30 years, beginning thirty months after the loan date. Interest accrues at a rate of 2.75%. Installment payments, including interest and principal, are due monthly beginning January 27, 2023, in the amount of \$641. The loan is collateralized with all of the Organization's tangible assets.</p>	<p><u>\$ 146,285</u></p>	<p><u>\$ 149,900</u></p>

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 11 LOANS PAYABLE (CONTINUED)

As of December 31, 2023, the Organization recorded \$10,306 in interest which represents the interest that accrued on the loan while loan payments were deferred. Such amount is included in accounts payable and accrued expenses on the statement of financial position.

Maturity of loan for each of the next five years and thereafter is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2024	\$ 3,716
2025	3,819
2026	3,926
2027	4,035
2028	4,147
Thereafter	126,642
Total	<u>\$ 146,285</u>

NOTE 12 RELATED PARTY

The Organization is an affiliate of Family Promise Inc. located in Summit, New Jersey. Family Promise Inc. provided the Organization with contributions in the amount of \$35,803 and \$30,500 during the years ended December 31, 2023 and 2022, respectively. The Organization also paid Family Promise Inc. affiliate fees in the amount of \$6,000 and \$4,500 for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets at December 31, 2023 and 2022, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

FAMILY PROMISE OF ESSEX COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED COMPARATIVE INFORMATION AS OF DECEMBER 31, 2022)

NOTE 13 LIQUIDITY AND AVAILABILITY (CONTINUED)

	<u>2023</u>	<u>2022</u>
Cash	\$ 715,745	\$ 633,235
Accounts receivable	7,499	-
Pledges Receivable, Short-Term	34,940	26,703
Contributions Receivable	49,553	37,500
Grants Receivable	<u>106,026</u>	<u>100,453</u>
Total Financial Assets	913,763	797,891
Less Amounts Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	(73,676)	(112,930)
Estimated Releases	<u>29,137</u>	<u>53,110</u>
Subtotal	<u>(44,539)</u>	<u>(59,820)</u>
 Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	 <u>\$ 869,224</u>	 <u>\$ 738,071</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures and liabilities come due.



**INDEPENDENT AUDITORS' 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***

Board of Trustees
Family Promise of Essex County, Inc.
Montclair, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Promise of Essex County, Inc. (Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flow for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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.

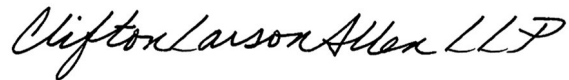
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Livingston, New Jersey
June 4, 2024

**FAMILY PROMISE OF ESSEX COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | | |
|--|------------|-----------|---------------|
| 1. Type of auditors’ report issued: | Unmodified | | |
| 2. Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | _____ yes | ___ x ___ | no |
| • Significant deficiency(ies) identified? | _____ yes | ___ x ___ | none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | ___ x ___ | no |



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