

**FAMILY PROMISE OF SOUTHERN CHESTER COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Family Promise of Southern Chester County
Kennett Square, Pennsylvania

We have reviewed the accompanying financial statements of Family Promise of Southern Chester County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Statements of Financial Position

December 31, 2021 and 2020

(See Independent Accountants' Review Report)

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$ 509,800	440,252
Promises to give	6,950	31,010
Gift cards	600	600
Prepaid rent	1,500	1,500
Total Current Assets	<u>518,850</u>	<u>473,362</u>
Property		
Vehicles	29,022	29,022
Furniture and equipment	7,307	7,307
Total Property	<u>36,329</u>	<u>36,329</u>
Less: accumulated depreciation	(17,638)	(13,954)
Net Property	<u>18,691</u>	<u>22,375</u>
Total Assets	<u>\$ 537,541</u>	<u>495,737</u>
 <u>Liabilities and Net Assets</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,567	2,792
Loan Payable	-	44,600
Total Current Liabilities	<u>1,567</u>	<u>47,392</u>
Net Assets		
Net assets without donor restrictions		
Growth Initiatives Fund	60,000	60,000
Operating reserve	207,473	119,844
Undesignated	192,129	179,926
Total without donor restrictions	<u>459,602</u>	<u>359,770</u>
With donor restrictions	76,372	88,575
Total Net Assets	<u>535,974</u>	<u>448,345</u>
Total Liabilities and Net Assets	<u>\$ 537,541</u>	<u>495,737</u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Statements of Activities

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(See Independent Accountants' Review Report)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND RECLASSIFICATIONS						
Contributions	290,293	124,155	414,448	436,345	116,835	553,180
Fundraising event, net	61,493	-	61,493	77,276	-	77,276
Donations In-Kind	20,779	-	20,779	30,516	-	30,516
Interest	402	-	402	2,288	-	2,288
Net assets released from restrictions	136,358	(136,358)	-	118,666	(118,666)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	509,325	(12,203)	497,122	665,091	(1,831)	663,260
EXPENSES						
Program Services	281,072	-	281,072	441,460	-	441,460
Supporting Services						
Management And General	46,429	-	46,429	43,533	-	43,533
Fundraising	81,992	-	81,992	58,423	-	58,423
TOTAL EXPENSES	409,493	-	409,493	543,416	-	543,416
CHANGES IN NET ASSETS	99,832	(12,203)	87,629	121,675	(1,831)	119,844
NET ASSETS - BEGINNING OF YEAR	359,770	88,575	448,345	238,095	90,406	328,501
NET ASSETS - END OF YEAR	459,602	76,372	535,974	359,770	88,575	448,345

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Statement of Functional Expenses

For the Year Ended December 31, 2021

(See Independent Accountants' Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
COMPENSATION RELATED				
Salaries	\$ 159,064	\$ 12,782	\$ 64,695	\$ 236,541
Payroll taxes and insurance	16,704	1,298	6,568	24,570
Employee benefits	10,514	1,237	618	12,369
TOTAL COMPENSATION RELATED	<u>186,282</u>	<u>15,317</u>	<u>71,881</u>	<u>273,480</u>
RESOURCE CENTER FACILITY				
Occupancy	25,044	4,770	-	29,814
Maintenance and repairs	7,674	1,462	-	9,136
Supplies	665	-	-	665
Program expenses	38,030	-	-	38,030
TOTAL CLIENT ASSISTANCE	<u>71,413</u>	<u>6,232</u>	<u>-</u>	<u>77,645</u>
Association fees	-	7,863	-	7,863
Bank fees	-	927	927	1,854
Depreciation	3,684	-	-	3,684
Fundraising	-	-	2,422	2,422
Insurance	6,967	2,986	-	9,953
Marketing	2,971	-	2,970	5,941
Miscellaneous	-	884	-	884
Office expense	4,391	821	1,846	7,058
Printing	568	39	239	846
Professional fees	3,949	11,266	1,660	16,875
Training	611	72	36	719
Travel	236	22	11	269
	<u>23,377</u>	<u>24,880</u>	<u>10,111</u>	<u>58,368</u>
TOTAL EXPENSE	<u>\$ 281,072</u>	<u>\$ 46,429</u>	<u>\$ 81,992</u>	<u>\$ 409,493</u>

FAMILY PROMISE OF OUTHERN CHESTER COUNTY

Statement of Functional Expenses

For the Year Ended December 31, 2020

(See Independent Accountants' Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
COMPENSATION RELATED				
Salaries	\$ 167,910	\$ 13,239	\$ 39,681	\$ 220,830
Payroll taxes and insurance	21,530	1,498	4,491	27,519
Employee benefits	9,544	1,123	561	11,228
TOTAL COMPENSATION RELATED	<u>198,984</u>	<u>15,860</u>	<u>44,733</u>	<u>259,577</u>
RESOURCE CENTER FACILITY				
Occupancy	23,639	4,408	329	28,376
Maintenance and repairs	4,195	713	-	4,908
Supplies	30,901	-	-	30,901
Transportation	1,504	-	-	1,504
Program expenses	153,372	-	-	153,372
TOTAL CLIENT ASSISTANCE	<u>213,611</u>	<u>5,121</u>	<u>329</u>	<u>219,061</u>
Association fees	-	7,048	-	7,048
Bank fees	-	1,161	1,162	2,323
Depreciation	6,572	446	-	7,018
Fundraising	-	-	3,280	3,280
Insurance	6,805	2,917	-	9,722
Marketing	5,443	-	5,443	10,886
Miscellaneous	264	1,900	-	2,164
Office expense	3,087	564	1,009	4,660
Postage	-	568	-	568
Printing	321	22	135	478
Professional fees	5,416	7,813	2,276	15,505
Training	839	99	49	987
Travel	118	14	7	139
	<u>28,865</u>	<u>22,552</u>	<u>13,361</u>	<u>64,778</u>
TOTAL EXPENSE	<u>\$ 441,460</u>	<u>\$ 43,533</u>	<u>\$ 58,423</u>	<u>\$ 543,416</u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Statements of Cash Flows

December 31, 2021 and 2020

(See Independent Accountants' Review Report)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 87,629	119,844
Adjustments to reconcile Change in net assets to cash provided by operating activities:		
Depreciation and amortization	3,684	7,018
Forgiveness of debt	(44,600)	-
(Increase) Decrease in operating assets:		
Accounts Receivable	-	21,642
Promises to give	24,060	(20,160)
Gfit Cards	-	(600)
Increase (Decrease) in operating liabilities:		
Accrued Expenses	(1,225)	2,364
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>69,548</u>	<u>130,108</u>
CASHFLOWS USED IN INVERSTING ACTIVITIES		
Purchase of Equipment	-	(25,785)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from loan payable	-	44,600
NET INCREASE IN CASH AND CASH EQUIVALENTS	69,548	148,923
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>440,252</u>	<u>291,329</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>509,800</u></u>	<u><u>440,252</u></u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities

Family Promise of Southern Chester County (the "Organization") was founded in 2014 and is dedicated to preventing and ending homelessness among working parents with dependent children in Southern Chester County, Pennsylvania. The Organization provides shelter, food, financial assistance, social services and mentoring support to enable families to remain in clean, safe, affordable housing while they work towards independence. This includes training to improve or develop capabilities for increasing income and decreasing expenses.

The Organization operates under a licensing agreement with Family Promise, a New Jersey not-for-profit corporation based in Summit, New Jersey. The Organization must follow specific contingencies outlined in the agreement, including payment of annual affiliate dues to Family Promise, in order to continue operating as "Family Promise".

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions is the part of net assets of the Organization that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed 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 SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

Net Assets without Donor Restrictions

Net assets without donor restrictions is the part of net assets of the Organization that is not subject to donor-imposed restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include checking accounts, money market accounts, and certificates of deposit with an original maturity of three months or less.

The Organization maintains cash and cash equivalent balances at local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the Organization may have deposits that exceed the insured limit. Balances in excess of insured amounts on December 31, 2021, and 2020 were \$264,493 and \$185,702, respectively.

Contributions and Grants

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grant revenues are recognized when received or when spent, whichever occurs first. Contributions are recorded at fair value, which is net of estimated uncollectible amounts.

Contributions restricted by donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the reporting period in which the contribution is recognized.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair market value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization estimates that all of its promises to give are collectible; accordingly, there is no provision for an allowance for doubtful accounts. If amounts become uncollectible, they will be charged to operations when that determination is made. As of December 31, 2021, and 2020, the Organization has deemed all monies owed collectible.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

Accounting principles generally accepted in the United States of America require that promises to give received after one year be discounted. As of December 31, 2021, all promises to give are due within one year and, therefore; no discount has been recorded.

Revenue Recognition

The Organization recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service to the customer. The Organization's principal activity resulting in contracts with customers is revenue from fundraising events.

Because the benefit received from fundraising events has an original expected duration of one year or less, the Organization has elected the practical expedient and not disclosed the value of unsatisfied performance obligations and expected timing for completion related to the revenue.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services. Resource Center Facility expenses are costs for the building, supplies for clients, and other client service costs. Fundraising expenses are costs related to campaigns, development, grant writing, and other fundraising efforts. Management and general expenses are costs directly related to the overall operation of the Organization but are not associated with program or fundraising services. Certain management and general expenses, such as payroll, occupancy, and professional fees, are allocated to program and fundraising services based on the usage of employees' time and other resources available.

Donated Materials and Services

Certain contributed services, materials, and facilities were provided to develop and maintain the programs of the Organization; the value of the contributed time and materials is reflected in the financial statements if they meet the criteria for recognition under FASB ASC 958-605, which require that they (1) create or enhance long-lived assets or (2) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the years ended December 31, 2021, and 2020, the Organization received contributed materials with a fair market value of \$20,779 and \$30,516, respectively.

During the years ended December 31, 2021, and 2020, 74 and 694 volunteers, respectively, donated 1,002 and 4,516 hours of service, respectively. No amounts have been recognized in the statements of activities because the criteria for recognition have not been satisfied.

Property and Equipment

Property and equipment are recorded at cost for items greater than \$1,000. Depreciation is provided by the use of the straight-line method over the prescribed lives of the related assets, which is currently five to seven years for vehicles and equipment.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

Advertising

The costs of advertising are expensed as incurred. Advertising expense was \$5,941 and \$10,886 for the years ended December 31, 2021, and 2020, respectively.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for certain activities not directly related to the Organization's tax-exempt purpose.

In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Reclassifications

Certain reclassifications have been made to the December 31, 2020, financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Date of Management Approval

Management has evaluated subsequent events through July 22, 2022, the date the financial statements were available to be issued and determined there were no other items to be disclosed.

NOTE 2 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2021, financial assets and liquidity resources available within one year for general expenditures such as operating expenses were as follows:

Financial assets:

Cash and cash equivalents	\$	509,800
Promises to give		6,950
Prepaid rent		1,500
Less: donor restricted financial assets		<u>(76,372)</u>
Total financial assets available within one year	\$	<u>441,878</u>

The Organization's cash flows have seasonal variations during the year attributable to the timing of contributions received. To manage liquidity, the Organization maintains a money market account that may be drawn upon as needed during the year to manage cash flows. The Organization also holds an operating reserve that may be used as needed.

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

NOTE 3 – LOAN PAYABLE

The Organization was approved for a \$44,600 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration ("SBA"). The loan was forgiven in the year ended December 31, 2021 and was treated as a government grant.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Time restricted grant receivables and promises to give	\$ 6,950	\$ 26,010
Back to school program	8,401	-
Homelessness prevention	24,876	32,177
Diversion	6,181	-
Food and gift cards	-	852
Program expenses	12,795	5,500
COVID-19 relief and upgrades	-	17,137
AED purchase	-	1,000
Computer classes	-	3,000
Pet expenses	1,020	1,020
Computer expenses	1,079	1,079
Holiday gifts	1,209	-
Meals	145	-
Savings match program	500	-
Staff wellbeing	2,500	-
Strategic planning	5,000	-
Website	145	800
Wheels to work	5,571	-
	<u>\$ 76,372</u>	<u>\$ 88,575</u>

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

Net assets released from restrictions at December 31, 2021 and 2020 are as follows:

	2021	2020
Time restricted promises to give	\$ 31,010	\$ 51,860
Back to school program	599	-
Homelessness prevention	-	37,059
Diversion	11,319	-
Food and gift cards	907	23
Program expenses	61,786	1,000
COVID-19 relief and upgrades	12,137	16,363
Executive coaching	-	2,750
Furniture Resource Center	-	7,500
AED purchase	1,000	-
Case manager	7,000	-
Events	1,300	-
Computer equipment	-	1,661
Holiday gifts	716	-
Renovations New London	7,500	-
Website	655	450
Wheels to work	429	-
	\$ 136,358	\$ 118,666

NOTE 5 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The governing Board of a nonprofit organization may designate a portion of net assets without donor restrictions for a specific purpose as a management tool. Those Board designations are not donor restrictions because the designations may be reversed by the Board, and they do not alter the nature of unrestricted contributions.

During the year ended December 31, 2017, the Board of Directors designated \$60,000 of net assets without donor restrictions to the Growth Initiatives Fund. Funds will be used for new initiatives to expand the mission of the Organization. The balance of the Growth Initiatives Fund was \$60,000 at both December 31, 2021 and 2020.

During the year ended December 31, 2020, the Board of Directors designated \$119,844 of net assets without donor restrictions to an Operating Reserve. Effective December 31, 2021, the Board has also reserved the 2021 surplus of \$87,629. Funds will be held in reserve in the event of unforeseen

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

circumstances so that operations may continue. The balance of the Operating Reserve was \$207,473 and \$119,844 at December 31, 2021 and 2020, respectively.

NOTE 6 - REVENUE RECOGNITION

Performance Obligations

Revenue and support received for the Organization's special events are comprised of an exchange element based upon the benefits provided to the participants and a contribution element for the portion of the payment received in excess of the participant benefits.

The Organization recognizes exchange revenue from its special events at a point in time to which the fundraiser relates. The performance obligation consists of providing participants with access to the special event.

For the years ended December 31, 2021 and 2020, net exchange revenues of \$61,493 and \$77,276, respectively, from the Organization's special events are reported as fundraising event revenue on the statement of activities.

Disaggregation of Revenue

The disaggregation of the timing of recognizing revenue from contracts with customers for the year ended December 31, 2021 and 2020, is as follows:

	<u>Point in Time</u>	<u>Over Time</u>	<u>Total</u>
2021			
Special events revenue	\$ <u>61,493</u>	\$ <u>-</u>	\$ <u>61,493</u>
2020			
Special events revenue	\$ <u>77,276</u>	\$ <u>-</u>	\$ <u>77,276</u>

NOTE 8 – LEASE COMMITMENT

During the year ended December 31, 2017, the Organization entered into a four-year lease agreement for a new facility. The lease agreement expires December 31, 2021, with the possibility to renew at the sole option of the Organization for two additional three-year terms with a third, three-year renewal at the mutual consent of the Organization and the lessor. In August 2021, the Organization provided written notice to the lessor of its intent to renew for the first of two additional three-year terms. Monthly rental payments are \$1,500. Rent expense for the years ended December 31, 2021, and 2020 was \$18,000. Minimum future rental payments under the non-cancelable lease are as follows:

Year ended December 31:	
2022	\$18,000
2023	\$18,000

FAMILY PROMISE OF SOUTHERN CHESTER COUNTY

Notes to the Financial Statements

December 31, 2021, and 2020

(See Independent Accountants' Review Report)

NOTE 9 - COVID-19 IMPACT

The impact of the global pandemic (COVID-19) remained in effect throughout 2021. Federal and State restrictions were in place, often changing dependent upon COVID statistics relating to the numbers of death, numbers of diagnosed new cases, along with the impact and availability of vaccines, which were introduced in 2021.

The Organization began seeing an increase in demand for its program services in 2020 due to the pandemic. The Organization applied for and received relief grants. There continued to be an increase in donations due to the awareness in the community of the Organization. In 2021, the Organization adapted its service model to avoid congregate settings and gatherings in which to serve community members. Some changes to the program model were being contemplated prior to the pandemic, due to emerging best practices regarding working with homeless families, as well as the enormous volunteer effort required. The new model addresses both these issue, but comes at a higher cost (i.e., renting apartments rather than using churches in which to house families on an emergent basis). However, providing services to families who are "doubled-up" with relatives or friends has increased the number of families served.