

FAMILY PROMISE OF BRADLEY COUNTY

FINANCIAL STATEMENTS

December 31, 2020

FAMILY PROMISE OF BRADLEY COUNTY

Contents

December 31, 2020

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Family Promise of Bradley County

We have audited the accompanying financial statements of Family Promise of Bradley County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' 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 from 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 auditors' 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 Bradley County as of December 31, 2020, 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.

Harting, Bishop + Arrendale, PLLC
Cleveland, Tennessee
May 11, 2021

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Current Assets

| | |
|----------------------|--------------|
| Cash | \$ 168,882 |
| Prepaid expenses | 5,236 |
| Inventory | <u>3,200</u> |
| Total Current Assets | 177,318 |

| | |
|-----------------------------|---------------|
| Property and equipment, net | <u>14,124</u> |
|-----------------------------|---------------|

| | |
|--------------|--------------------------|
| Total Assets | <u><u>\$ 191,442</u></u> |
|--------------|--------------------------|

LIABILITIES AND NET ASSETS

NET ASSETS

| | |
|---------------------------------------|----------------|
| Net assets without donor restrictions | 158,931 |
| Net assets with donor restrictions | <u>32,511</u> |
| Total Net Assets | <u>191,442</u> |

| | |
|----------------------------------|--------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 191,442</u></u> |
|----------------------------------|--------------------------|

The accompanying notes are an integral part of this
financial statement.

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

| | Without Donor <u>Restrictions</u> | With Donor <u>Restriction</u> | <u>Total</u> |
|---|--------------------------------------|----------------------------------|-------------------|
| PUBLIC SUPPORT | | | |
| Contributions | \$ 100,622 | \$ 29,590 | \$ 130,212 |
| United Way of the Ocoee Region | 73,157 | 8,000 | 81,157 |
| State of TN CARES | 15,337 | - | 15,337 |
| Emergency Food and Shelter Program | - | 8,500 | 8,500 |
| Paycheck Protection Program | 11,951 | - | 11,951 |
| Grants | 10,200 | - | 10,200 |
| In-kind donations | 2,400 | 3,200 | 5,600 |
| Total public support | <u>213,667</u> | <u>49,290</u> | <u>262,957</u> |
| REVENUE | | | |
| Fundraising income | 3,004 | - | 3,004 |
| Interest income | 69 | - | 69 |
| Total revenues | <u>3,073</u> | <u>-</u> | <u>3,073</u> |
| Net asset released from restrictions: | | | |
| Restrictions satisfied by payment | <u>24,419</u> | <u>(24,419)</u> | <u>-</u> |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>241,159</u> | <u>24,871</u> | <u>266,030</u> |
| EXPENSES | | | |
| Program services | 151,772 | - | 151,772 |
| Administration | 9,206 | - | 9,206 |
| Fundraising | 8,409 | - | 8,409 |
| Unallocated payments to national organization | 1,500 | - | 1,500 |
| TOTAL EXPENSES | <u>170,887</u> | <u>-</u> | <u>170,887</u> |
| INCREASE IN NET ASSETS | 70,272 | 24,871 | 95,143 |
| NET ASSETS, BEGINNING OF YEAR | <u>88,659</u> | <u>7,640</u> | <u>96,299</u> |
| NET ASSETS, END OF YEAR | <u>\$ 158,931</u> | <u>\$ 32,511</u> | <u>\$ 191,442</u> |

The accompanying notes are an integral part of this
financial statement.

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

| | <u>Program</u> | <u>Administration</u> | <u>Fundraising</u> | <u>Total</u> |
|---|-------------------|-----------------------|--------------------|-------------------|
| Personnel Expenses: | | | | |
| Salaries | \$ 66,850 | \$ 5,650 | \$ 5,428 | \$ 77,928 |
| Payroll taxes | <u>5,127</u> | <u>417</u> | <u>417</u> | <u>5,961</u> |
| | 71,977 | 6,067 | 5,845 | 83,889 |
| Other Expenses: | | | | |
| Insurance | 6,550 | 810 | - | 7,360 |
| Professional fees | 932 | 275 | 7 | 1,214 |
| Occupancy | 4,254 | 526 | - | 4,780 |
| Repairs and maintenance | 146 | 18 | - | 164 |
| Information technology | 1,396 | 173 | - | 1,569 |
| Office expense | 3,295 | 408 | - | 3,703 |
| Communications | 1,590 | 129 | 129 | 1,848 |
| Program expenses | 55,569 | - | - | 55,569 |
| Fundraising expense | - | - | 2,428 | 2,428 |
| Travel | <u>-</u> | <u>51</u> | <u>-</u> | <u>51</u> |
| Total functional expenses before depreciation | 145,709 | 8,457 | 8,409 | 162,575 |
| Depreciation | <u>6,063</u> | <u>749</u> | <u>-</u> | <u>6,812</u> |
| Total functional expenses | <u>\$ 151,772</u> | <u>\$ 9,206</u> | <u>\$ 8,409</u> | <u>\$ 169,387</u> |

The accompanying notes are an integral part of this financial statement.

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

| | |
|---|--------------------------|
| OPERATING ACTIVITIES | |
| Increase in net assets | \$ 95,143 |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 6,812 |
| Changes in operating assets and liabilities: | |
| Prepaid expenses | (2,471) |
| Inventory | (3,200) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>96,284</u> |
| | |
| INCREASE IN CASH | 96,284 |
| | |
| Cash, beginning of year | <u>72,598</u> |
| Cash, end of year | <u><u>\$ 168,882</u></u> |
| | |
| SUPPLEMENTAL DISCLOSURES: | |
| Interest | <u><u>\$ -</u></u> |
| Income Taxes | <u><u>\$ -</u></u> |

The accompanying notes are an integral part of this financial statement.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Family Promise of Bradley County (the Organization) provides shelter, meals, and comprehensive support services to children and their families going through homeless transitions. Services are provided in Bradley County, Tennessee. The Organization is supported primarily through donor contributions, grants, and the United Way of the Ocoee Region.

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - 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 - The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a 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 restrictions, 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 statement of activities net as net assets released from restrictions.

Estimates - Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Property and Equipment - All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using the straight-line method.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory - Inventory consists of a donated vehicle restricted for donation to an eligible family receiving services of the Organization. The donated inventory is recorded at fair market value at the date of donation.

Donated Services and In-Kind Contributions - Volunteers contribute significant amounts of time to our program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such donated goods or services were received during the year ended December 31, 2020.

Revenue and Revenue Recognition - Revenue is recognized when earned. The Organization records special events revenue to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Functional Allocation of Expenses - The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel expenses are allocated based on estimates of time and effort. Other expenses are allocated based on usage.

Income Tax - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2020

NOTE 2 - 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:

Financial assets at year end:

| | |
|------|-------------------|
| Cash | \$ <u>136,371</u> |
|------|-------------------|

The Organization receives significant revenues from donor contributions, grants, and United Way of the Ocoee Region. These revenues are from ongoing grants and programs central to its annual operations to be available to meet cash needs for general expenditures. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 - CONCENTRATIONS OF RISK

Concentrations of Credit Risk

The Organization maintains cash balances at a local financial institution. As of December 31, 2020, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020, cash balances were within FDIC insured limits.

Concentration of Revenue

For the year ended December 31, 2020, approximately 31% of the Organization's revenue came from United Way of the Ocoee Region. Any significant reduction in the level of support from the United Way of the Ocoee Region could negatively impact the Organization's ability to fund services.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following major classifications:

| | |
|--------------------------------|------------------|
| Furniture and Equipment | \$ 5,681 |
| Vehicles | <u>31,255</u> |
| | 36,936 |
| Less: Accumulated Depreciation | <u>(22,812)</u> |
| | <u>\$ 14,124</u> |

Depreciation expense totaled \$6,812 for the year ended December 31, 2020.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2020

NOTE 5 - LEASE COMMITMENTS

The Organization leases its facilities on a month-to-month basis, with no formal lease agreement. The Organization does not pay any rent but is responsible for repairs and insurance on the facility. Fair value of the lease was determined to be \$2,400 annually. It is reflected in the financial statements as revenue and expense allocated as \$2,136 program and \$264 administration.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and are set to expire when payment is made for qualifying program services:

Set to expire for specified purpose:

| | |
|--------------------------|------------------|
| Child Care | \$ 1,217 |
| Child Care Medical | 2,355 |
| Kids Rooms/Beds | 8,374 |
| Hotels EFSP | 1,087 |
| Food & Hotel | 10,516 |
| Transportation | 686 |
| Inventory Vehicle | 3,200 |
| Vehicle Purchase Program | <u>5,076</u> |
| | <u>\$ 32,511</u> |

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

Purpose restriction accomplished:

| | |
|--------------------------|------------------|
| Child Care | \$ 553 |
| Child Care Medical | 25 |
| Hotels EFSP | 8,085 |
| Food & Hotel | 14,177 |
| Transportation | 182 |
| Vehicle Purchase Program | <u>1,397</u> |
| | <u>\$ 24,419</u> |

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2020

NOTE 7 - PAYCHECK PROTECTION PROGRAM (PPP)

The Organization received a PPP loan in the amount of \$11,951. The PPP loan is granted by the Small Business Administration under the CARES Act. PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The Organization has recognized \$11,951 in grant revenue during the year ended December 31, 2020 for the portion of loan proceeds used for qualifying expenditures that the Organization considers substantially met the conditions for forgiveness. No deferred revenue has been recognized as the Organization has determined that all conditions for forgiveness have been met.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events were evaluated through May 11, 2021, which is the date the financial statements were available to be issued.

The COVID-19 outbreak in the United State has caused business disruption, which are currently expected to be temporary. The financial impact and duration of the business disruptions cannot be reasonably estimated at this time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.