

FAMILY PROMISE OF BRADLEY COUNTY

FINANCIAL STATEMENTS

December 31, 2022

FAMILY PROMISE OF BRADLEY COUNTY

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December 31, 2022

FINANCIAL STATEMENTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Family Promise of Bradley County
Cleveland, Tennessee

We have reviewed the accompanying financial statements of Family Promise of Bradley County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 entity 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.

We are required to be independent of Family Promise of Bradley County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Harting, Bishop & Arrendale, PLLC
Harting, Bishop & Arrendale, PLLC
Cleveland, Tennessee
March 31, 2023

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current Assets

Cash	\$ 208,040
Accounts Receivable	11,628
Prepaid expenses	<u>5,235</u>
Total Current Assets	224,903

Property and equipment, net	<u>8,820</u>
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Total Assets	<u><u>\$ 233,723</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	<u>\$ 4,041</u>
Total Current Liabilities	<u>4,041</u>

Net Assets

Net assets without donor restrictions	132,893
Net assets with donor restrictions	<u>96,789</u>
Total Net Assets	<u>229,682</u>

Total Liabilities and Net Assets	<u><u>\$ 233,723</u></u>
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See accompanying notes and independent
accountants' review report.

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>	<u>Total</u>
PUBLIC SUPPORT			
Contributions	\$ 83,514	\$ 4,329	\$ 87,843
United Way of the Ocoee Region	-	51,945	51,945
Emergency Food and Shelter Program	4,000	-	4,000
Grants	33,236	18,500	51,736
In-kind donations	<u>3,563</u>	<u>-</u>	<u>3,563</u>
Total public support	<u>124,313</u>	<u>74,774</u>	<u>199,087</u>
REVENUE			
Fundraising income	37,676	-	37,676
Interest income	<u>143</u>	<u>-</u>	<u>143</u>
Total revenues	<u>37,819</u>	<u>-</u>	<u>37,819</u>
Net asset released from restrictions:			
Restrictions satisfied by payment	<u>41,024</u>	<u>(41,024)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>203,156</u>	<u>33,750</u>	<u>236,906</u>
EXPENSES			
Program services	209,933	-	209,933
Administration	14,515	-	14,515
Fundraising	22,305	-	22,305
Unallocated payments to national organization	<u>2,000</u>	<u>-</u>	<u>2,000</u>
TOTAL EXPENSES	<u>248,753</u>	<u>-</u>	<u>248,753</u>
INCREASE (DECREASE) IN NET ASSETS	(45,597)	33,750	(11,847)
NET ASSETS, BEGINNING OF YEAR	<u>178,490</u>	<u>63,039</u>	<u>241,529</u>
NET ASSETS, END OF YEAR	<u><u>\$ 132,893</u></u>	<u><u>\$ 96,789</u></u>	<u><u>\$ 229,682</u></u>

See accompanying notes and independent
accountants' review report.

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses:				
Salaries	\$ 87,499	\$ 7,122	\$ 7,122	\$ 101,743
Payroll taxes	6,693	545	545	7,783
Employee benefits	<u>2,725</u>	<u>222</u>	<u>222</u>	<u>3,169</u>
	96,917	7,889	7,889	112,695
Other Expenses:				
Insurance	8,628	1,066	-	9,694
Professional fees	7,081	3,285	271	10,637
Occupancy	5,206	644	-	5,850
Repairs and maintenance	1,340	166	-	1,506
Information technology	470	58	-	528
Office expense	3,970	490	-	4,460
Communications	1,852	229	-	2,081
Program expenses	80,033	-	-	80,033
Fundraising expense	-	-	14,145	14,145
Travel	<u>-</u>	<u>140</u>	<u>-</u>	<u>140</u>
Total functional expenses before depreciation	205,497	13,967	22,305	241,769
Depreciation	<u>4,436</u>	<u>548</u>	<u>-</u>	<u>4,984</u>
Total functional expenses	<u>\$ 209,933</u>	<u>\$ 14,515</u>	<u>\$ 22,305</u>	<u>\$ 246,753</u>

See accompanying notes and independent
accountants' review report.

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

OPERATING ACTIVITIES	
Decrease in net assets	\$ (11,847)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	4,984
Changes in operating assets and liabilities:	
Accounts receivable	(11,628)
Inventory	3,200
Accounts payable	2,181
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(13,110)</u>
DECREASE IN CASH	(13,110)
Cash, beginning of year	<u>221,150</u>
Cash, end of year	<u><u>\$ 208,040</u></u>
SUPPLEMENTAL DISCLOSURES:	
Interest	<u><u>\$ -</u></u>
Income Taxes	<u><u>\$ -</u></u>

See accompanying notes and independent
accountants' review report.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2022

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022.

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).

Recent Accounting Guidance

The Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The presentation and disclosure of contributed nonfinancial assets have been enhanced in accordance with the standard. The adoption of the standard did not change the recognition and measurement requirements for contributed nonfinancial assets.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2022

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	\$ 111,251
Accounts receivable	11,628
	<u>\$ 122,879</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, 2022, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022, cash balances were within FDIC insured limits.

Concentration of Revenue

For the year ended December 31, 2022, approximately 22% 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	\$ 10,161
Vehicles	30,080
	40,241
Less: Accumulated Depreciation	(31,421)
	<u>\$ 8,820</u>

Depreciation expense totaled \$4,984 for the year ended December 31, 2022.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2022

NOTE 5 - 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	\$ 2,427
Child Care Medical	2,355
Kids Rooms/Beds	8,375
HUMI	12,673
PRU/Project Home	50,216
Transportation	278
Static Site	15,000
Vehicle Purchase Program	5,465
	<u>\$ 96,789</u>

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

Child Care (Athens Federal)	\$ 1,217
Child Care	73
Food & Hotel	4,669
HUMI	9,126
PRU	17,236
Transportation	195
Donated Vehicle	3,200
Vehicle Purchase Program	5,308
	<u>\$ 41,024</u>

NOTE 6 - LEASE COMMITMENTS

The Organization leases its facility 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 based on current market rates for the facility.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2022

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities included \$1,163 donations of special event auction items. The contributed items did not have donor-imposed restrictions. The auction items were utilized during a special event. Proceeds from the auction sales will be used for program and administrative services. In valuing the auction items, the Organization estimated the fair market value on the basis of estimates of values that would be received for purchasing similar products.

NOTE 8 – RETIREMENT PLAN

The Organization maintains a retirement plan for its employees. Employees are not required to make contributions in order to participate. The Organization makes a matching contribution up to 2% of compensation. Total retirement expenses recognized for the year ended December 31, 2022 were \$1,843.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were evaluated through March 31, 2023, which is the date the financial statements were available to be issued.