

FAMILY PROMISE OF BRADLEY COUNTY

FINANCIAL STATEMENTS

December 31, 2021

FAMILY PROMISE OF BRADLEY COUNTY

Contents

December 31, 2021

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Promise of Bradley County

Opinion

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, 2021, and the related statements of activities, 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 Bradley County as of December 31, 2021, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Promise of Bradley County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial 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 auditor's 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Promise of Bradley County'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 Family Promise of Bradley County'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.

Martyn, Bishop + Arrendale, PLLC
Cleveland, Tennessee
May 13, 2022

FAMILY PROMISE OF BRADLEY COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Current Assets

Cash	\$ 221,150
Prepaid expenses	5,235
Inventory	<u>3,200</u>
Total Current Assets	229,585

Property and equipment, net	<u>13,804</u>
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Total Assets	<u><u>\$ 243,389</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	<u>\$ 1,860</u>
Total Current Liabilities	<u>1,860</u>

Net Assets

Net assets without donor restrictions	178,490
Net assets with donor restrictions	<u>63,039</u>
Total Net Assets	<u>241,529</u>

Total Liabilities and Net Assets	<u><u>\$ 243,389</u></u>
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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, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restriction</u>	<u>Total</u>
PUBLIC SUPPORT			
Contributions	\$ 89,546	\$ 23,164	\$ 112,710
United Way of the Ocoee Region	58,621	16,200	74,821
Emergency Food and Shelter Program	-	14,714	14,714
Grants	4,405	58,474	62,879
In-kind donations	<u>3,580</u>	<u>-</u>	<u>3,580</u>
Total public support	<u>156,152</u>	<u>112,552</u>	<u>268,704</u>
REVENUE			
Fundraising income	4,306	-	4,306
Interest income	82	-	82
Miscellaneous income	<u>62</u>	<u>-</u>	<u>62</u>
Total revenues	<u>4,450</u>	<u>-</u>	<u>4,450</u>
Net asset released from restrictions:			
Restrictions satisfied by payment	<u>82,024</u>	<u>(82,024)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>242,626</u>	<u>30,528</u>	<u>273,154</u>
EXPENSES			
Program services	197,229	-	197,229
Administration	13,529	-	13,529
Fundraising	10,809	-	10,809
Unallocated payments to national organization	<u>1,500</u>	<u>-</u>	<u>1,500</u>
TOTAL EXPENSES	<u>223,067</u>	<u>-</u>	<u>223,067</u>
INCREASE IN NET ASSETS	19,559	30,528	50,087
NET ASSETS, BEGINNING OF YEAR	<u>158,931</u>	<u>32,511</u>	<u>191,442</u>
NET ASSETS, END OF YEAR	<u>\$ 178,490</u>	<u>\$ 63,039</u>	<u>\$ 241,529</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, 2021

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses:				
Salaries	\$ 75,076	\$ 6,293	\$ 5,973	\$ 87,342
Payroll taxes	5,746	468	468	6,682
Employee benefits	<u>1,774</u>	<u>145</u>	<u>144</u>	<u>2,063</u>
	82,596	6,906	6,585	96,087
Other Expenses:				
Insurance	8,051	995	-	9,046
Professional fees	8,305	3,232	331	11,868
Occupancy	6,428	795	-	7,223
Repairs and maintenance	1,340	166	-	1,506
Information technology	1,229	152	-	1,381
Office expense	3,126	386	-	3,512
Communications	1,977	244	-	2,221
Program expenses	79,404	-	-	79,404
Fundraising expense	-	-	3,893	3,893
Loss on disposal of vehicle	312	38	-	350
Travel	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>
Total functional expenses before depreciation	192,768	12,978	10,809	216,555
Depreciation	<u>4,461</u>	<u>551</u>	<u>-</u>	<u>5,012</u>
Total functional expenses	<u>\$ 197,229</u>	<u>\$ 13,529</u>	<u>\$ 10,809</u>	<u>\$ 221,567</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, 2021

OPERATING ACTIVITIES	
Increase in net assets	\$ 50,087
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	5,012
Loss on disposal of vehicle	350
Changes in operating assets and liabilities:	
Accounts payable	<u>1,860</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>57,309</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(5,041)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(5,041)</u>
INCREASE IN CASH	52,268
Cash, beginning of year	<u>168,882</u>
Cash, end of year	<u><u>\$ 221,150</u></u>
SUPPLEMENTAL DISCLOSURES:	
Interest	<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, 2021

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, 2021

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, 2021.

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, 2021

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>\$ 158,111</u>
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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, 2021, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2021, cash balances were within FDIC insured limits.

Concentration of Revenue

For the year ended December 31, 2021, approximately 27% 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	<u>30,080</u>
	40,241
Less: Accumulated Depreciation	<u>(26,437)</u>
	<u>\$ 13,804</u>

Depreciation expense totaled \$5,012 for the year ended December 31, 2021.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2021

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	\$ 1,217
Child Care Medical	2,355
Kids Rooms/Beds	8,374
Food & Hotel	340
HUMI	21,799
PRU	15,507
Transportation	474
Inventory Vehicle	3,200
Vehicle Purchase Program	9,773
	<u>\$ 63,039</u>

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

Hotels EFSP	\$ 15,802
Food & Hotel	16,414
HUMI	28,500
PRU	20,793
Transportation	212
Vehicle Purchase Program	303
	<u>\$ 82,024</u>

NOTE 6 - 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.

Family Promise of Bradley County
Notes to the Financial Statements
December 31, 2021

NOTE 7 - DONATED SERVICES, FACILITIES AND MATERIALS

The Organization received donated services, facilities, and materials as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Occupancy	\$ 3,186	\$ 394	\$ -	\$ 3,580

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 3% of compensation. Total retirement expenses recognized for the year ended December 31, 2021 were \$1,231.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were evaluated through May 13, 2022, which is the date the financial statements were available to be issued.