

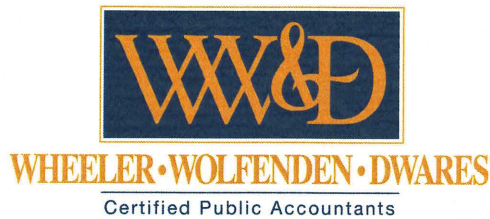
FAMILY PROMISE OF NORTHERN
NEW CASTLE COUNTY, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family Promise of Northern New Castle County, Inc. (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 Northern New Castle County, Inc. 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 Northern New Castle County, Inc. 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.

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

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 Northern New Castle County, Inc.'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 Northern New Castle County, Inc.'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 Northern New Castle County, Inc.'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.

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2022, on our consideration of Family Promise of Northern New Castle County, Inc.'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 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 Family Promise of Northern New Castle County, Inc.'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 Family Promise of Northern New Castle County, Inc.'s internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of Family Promise of Northern New Castle County, Inc. as of December 31, 2020, were audited by other auditors whose report dated March 25, 2021, expressed an unmodified opinion on those statements.



August 11, 2022
Wilmington, Delaware

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS

| | <u>2021</u> | <u>2020</u> |
|------------------------------|---------------------|-------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,004,088 | \$ 604,194 |
| Grants receivable | 167,857 | 151,548 |
| Prepaid expenses | <u>-</u> | <u>459</u> |
| Total current assets | 1,171,945 | 756,201 |
| NON-CURRENT ASSETS | | |
| Property and equipment - net | 73,572 | 83,443 |
| Investments | 9,429 | - |
| Security deposits | <u>5,333</u> | <u>5,333</u> |
| Total non-current assets | <u>88,334</u> | <u>88,776</u> |
| TOTAL ASSETS | <u>\$ 1,260,279</u> | <u>\$ 844,977</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------------|---------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 4,786 | \$ 13,893 |
| Payroll liabilities | 3,825 | 6,794 |
| Accrued payroll | - | 3,674 |
| Other current liabilities | <u>2,830</u> | <u>2,830</u> |
| Total current liabilities | 11,441 | 27,191 |
| NET ASSETS | | |
| Without donor restriction | 1,110,320 | 767,704 |
| With donor restriction | <u>138,518</u> | <u>50,082</u> |
| Total net assets | <u>1,248,838</u> | <u>817,786</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,260,279</u> | <u>\$ 844,977</u> |

The accompanying notes are an integral part of these financial statements.

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

| | 2021 | | |
|---------------------------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| PUBLIC SUPPORT AND REVENUE | | | |
| Government contracts and grants | \$ 1,253,462 | \$ - | \$ 1,253,462 |
| Contributions | 403,138 | 132,600 | 535,738 |
| Fundraising | 190,811 | - | 190,811 |
| Conditional contributions | - | - | - |
| Interest income | 361 | - | 361 |
| Unrealized gain | 1,281 | - | 1,281 |
| Debt forgiveness - PPP loan | 86,220 | - | 86,220 |
| Net assets released from restrictions | 44,164 | (44,164) | - |
| | <u>1,979,437</u> | <u>88,436</u> | <u>2,067,873</u> |
| EXPENSES | | | |
| Program services | 1,402,212 | - | 1,402,212 |
| Management and general | 201,382 | - | 201,382 |
| Fundraising | 33,228 | - | 33,228 |
| | <u>1,636,821</u> | <u>-</u> | <u>1,636,821</u> |
| Change in net assets | 342,616 | 88,436 | 431,052 |
| Net assets – beginning of year | <u>767,704</u> | <u>50,082</u> | <u>817,786</u> |
| Net assets – end of year | <u>\$ 1,110,320</u> | <u>\$ 138,518</u> | <u>\$ 1,248,838</u> |

The accompanying notes are an integral part of these financial statements.

| 2020 | | |
|---------------------------------------|------------------------------------|------------------|
| <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| \$ 764,202 | \$ - | \$ 764,202 |
| 550,595 | 116,563 | 667,158 |
| 183,811 | - | 183,811 |
| - | 58,371 | 58,371 |
| 481 | - | 481 |
| - | - | - |
| - | - | - |
| 141,627 | (141,627) | - |
| <u>1,640,716</u> | <u>33,307</u> | <u>1,674,023</u> |
| 1,101,809 | - | 1,101,809 |
| 148,240 | - | 148,240 |
| 72,648 | - | 72,648 |
| <u>1,322,697</u> | <u>-</u> | <u>1,322,697</u> |
| 318,019 | 33,307 | 351,326 |
| 449,685 | 16,775 | 466,460 |
| <u>767,704</u> | <u>50,082</u> | <u>817,786</u> |

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | |
|---------------------------|-----------------------------|-------------------------------------|--------------------|---------------------|
| | <u>Program Services</u> | <u>Management & General</u> | <u>Fundraising</u> | <u>Total</u> |
| Salaries | \$ 356,503 | \$ 108,768 | \$ 17,348 | \$ 482,619 |
| Payroll taxes | 31,261 | 9,538 | 1,521 | 42,320 |
| Employee benefits | 55,644 | 16,977 | 2,708 | 75,329 |
| Total personnel expenses | <u>443,408</u> | <u>135,283</u> | <u>21,577</u> | <u>600,268</u> |
| Advertising & development | 8,407 | - | 6,499 | 14,906 |
| Affiliation fees | - | 8,500 | - | 8,500 |
| Professional fees | - | 43,824 | - | 43,824 |
| Insurance | 12,507 | 744 | 323 | 13,574 |
| Licenses & taxes | - | 2,000 | - | 2,000 |
| Guest needs | 705,114 | - | - | 705,114 |
| Conferences & training | 652 | - | - | 652 |
| Depreciation | 9,269 | 406 | 196 | 9,871 |
| Repairs & maintenance | 37,398 | 2,222 | 969 | 40,589 |
| Janitorial | - | - | - | - |
| Rent | 75,772 | 4,505 | 1,964 | 82,240 |
| Security | 30,645 | 1,822 | 794 | 33,261 |
| Utilities | 34,937 | 2,076 | 905 | 37,918 |
| Office expenses | 42,181 | - | - | 42,181 |
| Meetings & parking | 356 | - | - | 356 |
| Travel | <u>1,567</u> | <u>-</u> | <u>-</u> | <u>1,567</u> |
| Total expenses | <u>\$ 1,402,212</u> | <u>\$ 201,382</u> | <u>\$ 33,228</u> | <u>\$ 1,636,821</u> |

The accompanying notes are an integral part of these financial statements.

2020

| <u>Program Services</u> | <u>Management & General</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------|-------------------------------------|--------------------|---------------------|
| \$ 276,714 | \$ 86,345 | \$ 50,778 | \$ 413,837 |
| 23,801 | 7,427 | 4,368 | 35,596 |
| 49,498 | 15,445 | 9,083 | 74,026 |
| <u>350,013</u> | <u>109,217</u> | <u>64,229</u> | <u>523,459</u> |
| 4,913 | - | 3,798 | 8,711 |
| - | 8,925 | - | 8,925 |
| - | 17,400 | - | 17,400 |
| 7,232 | 430 | 187 | 7,849 |
| - | 2,150 | - | 2,150 |
| 546,813 | - | - | 546,813 |
| 170 | - | - | 170 |
| 11,092 | 486 | 235 | 11,813 |
| 17,719 | 1,053 | 459 | 19,231 |
| 708 | 42 | 18 | 768 |
| 75,744 | 4,503 | 1,963 | 82,210 |
| 36,267 | 2,156 | 940 | 39,363 |
| 31,605 | 1,878 | 819 | 34,302 |
| 14,348 | - | - | 14,348 |
| 371 | - | - | 371 |
| 4,814 | - | - | 4,814 |
| <u>\$ 1,101,809</u> | <u>\$ 148,240</u> | <u>\$ 72,648</u> | <u>\$ 1,322,697</u> |

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 431,052 | \$ 351,326 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation | 9,871 | 11,813 |
| Unrealized gain on investments | (1,281) | - |
| Debt forgiveness | (86,220) | - |
| (Increase) decrease in assets | | |
| Grants receivable | (16,309) | (47,930) |
| Prepaid expenses | 459 | (459) |
| (Decrease) increase in liabilities | | |
| Accounts payable | (9,107) | 11,789 |
| Payroll liabilities | (2,969) | - |
| Accrued payroll | (3,674) | (14,946) |
| Net cash provided by operating activities | <u>321,822</u> | <u>311,593</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | <u>(8,148)</u> | <u>-</u> |
| Net cash utilized by investing activities | (8,148) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from PPP loan | <u>86,220</u> | <u>-</u> |
| Net cash provided by financing activities | <u>86,220</u> | <u>-</u> |
| Cash and cash equivalents – beginning of year | <u>604,194</u> | <u>292,601</u> |
| Cash and cash equivalents – end of year | 1,004,088 | 604,194 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Debt forgiveness income | \$ 86,220 | \$ - |
| PPP loan forgiven | (86,220) | - |
| | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Family Promise of Northern New Castle County, Inc. (the Organization) is a nonprofit organization governed by a volunteer board to oversee the activities of the Organization. Their mission is to help homeless and low-income families move toward lasting independence by providing a safe place to eat and sleep, intensive case management, life skills training, support and encouragement.

2. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis of accounting revenues from services are recognized when the performance obligations of providing the services are met. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Expenses are recognized in the period when incurred. Accordingly, all significant receivables, payables and other liabilities are recognized.

3. Net assets

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: We report contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or 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 restriction, 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 statements of activities as net assets released from restrictions.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Donated materials and services

Donated materials and equipment are recognized as contributions in the accompanying statements at their estimated values at date of receipt. Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A substantial number of other volunteers have donated significant amounts of their time in the Organization's other program services and in its fundraising campaigns and have not been reflected in the statements since the recognition criteria were not met.

Donated in-kind goods and services included in the accompanying financial statements as revenues and expenses are as follows:

| | 2021 | 2020 |
|----------|-------------------|-------------------|
| Meals | \$ 68,591 | \$ 74,306 |
| Lodging | - | 2,700 |
| Supplies | 36,291 | 65,012 |
| Total | <u>\$ 104,882</u> | <u>\$ 142,018</u> |

5. Grants Receivable

Grants receivable are recorded at the undiscounted amount of earned revenues. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

6. Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefitted. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

7. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Fair Value Measurements

The generally accepted accounting principles followed by the Organization have clarified the framework for measuring fair value and expanded the disclosure requirements for value measurements. The carrying amounts for cash, receivables and current liabilities are reported in the statement of financial position at approximate fair values. Other assets, including property and equipment, are also subject to periodic impairment assessments under the accounting principles, however these assets have been omitted from the above disclosure.

9. Property, plant and equipment

Fixed assets are stated at cost if purchased and at estimated fair market value if donated. Expenditures for renewals and betterments are capitalized. When assets are sold or otherwise disposed of, any gains or losses on such disposition are recognized in the statement of activities. Expenditures for maintenance, repairs, minor renewals and betterments which do not improve or extend the useful life of the respective asset are expensed. Depreciation of buildings and equipment is provided using the straight-line basis over the estimated useful lives of the assets.

10. Income Tax

The Organization is a not-for-profit entity that is exempt from income tax under Section 501(c)(3) of the *Internal Revenue Code* and, therefore, has made no provision for federal, state or local income tax in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the *Internal Revenue Code*.

The Organization follows ASC 740-10, *Income Taxes*, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if a respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the 2018, 2019 and 2020 tax years are open and subject to examination by the Internal Revenue Service. However, the Organization is not currently under audit nor has the Organization been contacted by this jurisdiction. Interest and penalties related to income taxes are included in income tax expense when incurred.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Advertising

The Organization expenses advertising when incurred. Advertising expense totaled \$14,906 and \$8,711 for the years ended December 31, 2021 and 2020, respectively.

12. Use of Estimates

The preparation of financial statements requires management to make certain 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.

13. New Accounting Pronouncement

Effective July 1, 2019, the Organization retrospectively changed its accounting method for revenue recognition as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization adopted the requirements of the new revenue recognition guidance as of July 1, 2019, utilizing the full retrospective transition method. The effect of this change had no effect on the Organization's financial statements.

14. Subsequent Events

In March 2020 the Director General of the World Health Organization declared COVID-19 a pandemic. We are still assessing the impact COVID-19 may have on our business, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally. The extent to which the COVID-19 pandemic and global efforts to contain its spread will impact our operations will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic.

The Organization has evaluated subsequent events through August 11, 2022, which is the date the financial statements were available to be issued.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|------------------|------------------|
| Leasehold improvements | \$ 112,854 | \$ 112,854 |
| Furniture and fixtures | 33,813 | 33,813 |
| Vehicles | <u>28,188</u> | <u>28,188</u> |
| Total property and equipment | 174,855 | 174,855 |
| Less: accumulated depreciation | <u>(101,283)</u> | <u>(91,412)</u> |
| Property and equipment – net | <u>\$ 73,572</u> | <u>\$ 83,443</u> |

NOTE C – NET ASSETS

Net assets with donor restrictions were available for the following purposes at December 31:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|-------------------|------------------|
| Air Beds | \$ 3,510 | \$ 5,193 |
| Playground Equipment | 3,496 | 4,548 |
| Laundry Equipment | - | 8,813 |
| Motel Vouchers | 33 | 881 |
| Diverson | - | 15,508 |
| Hospitality Center | 130,000 | 12,726 |
| Rent Assistance | - | 1,534 |
| Technology | 879 | 879 |
| Guest transportation | <u>600</u> | <u>-</u> |
| Net assets with restrictions | <u>\$ 138,518</u> | <u>\$ 50,082</u> |

Net assets released from net assets with donor restrictions were as follows at December 31:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|------------------|-------------------|
| Air Beds | \$ 1,683 | \$ 3,482 |
| Playground Equipment | 1,053 | 3,552 |
| Laundry Equipment | 8,813 | - |
| Motel Vouchers | 848 | - |
| Diverson | 15,508 | - |
| Hospitality Center | 14,725 | 134,593 |
| Rent Assistance | <u>1,534</u> | <u>-</u> |
| Net assets with restrictions | <u>\$ 44,164</u> | <u>\$ 141,627</u> |

NOTE D – PENSION PLAN

The Organization offers a SIMPLE pension plan covering all full-time employees who have completed one year of service. The Organization makes matching contributions up to 3% of a participant's annual salary. The matching contribution was \$7,254 and \$4,699 for the years ended December 31, 2021 and 2020, respectively.

NOTE E – FINANCIAL INSTITUTIONS

The Organization maintains its cash balances in several financial institutions located in Wilmington, Delaware. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. At times, these account balances may exceed insured limits. Uninsured cash balances totaled \$65,189 and \$244,585 for the years ended December 31, 2021 and 2020, respectively.

NOTE F – CONCENTRATIONS

Government contracts and grants include contracts for services which require periodical renewal with no guarantee of renewal. Such revenue represented approximately 65% and 46% of total revenue and support for the years ended December 31, 2021 and 2020, respectively. Also, 100% of grants receivable is due from these contracts as of December 31, 2021 and 2020.

NOTE G – LIQUIDITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|-------------------|
| Cash and cash equivalents | \$ 1,004,088 | \$ 604,194 |
| Grants receivable | 167,857 | 151,548 |
| Less: amounts restricted for future use: | | |
| Donor restricted assets | <u>(138,518)</u> | <u>(50,082)</u> |
| Financial assets available for general expenditure | <u>\$ 1,033,427</u> | <u>\$ 705,660</u> |

NOTE H – PAYROLL PROTECTION PROGRAM LOAN

In March 2021, the Organization received a loan under the payroll protection program. No payments were due on the loan until January 2022. The interest rate was 1% and the loan was set to mature in March 2026. In August 2021, the entire balance of the loan was forgiven.

NOTE I – OPERATING LEASES

The Organization leases space under two operating leases. The first lease expires in January 2024 and requires payment of 50% of the combined cost of each annual fire suppression system test mandated by New Castle County. The second lease expires in October 2023. Rent expense under these leases was \$82,240 and \$82,210 for the years ended December 31, 2021 and 2020, respectively.

The future minimum lease payments are as follows at December 31, 2021:

| | |
|-------|-------------------|
| 2022 | \$ 89,606 |
| 2023 | 74,089 |
| 2024 | 24,750 |
| 2025 | <u>18,900</u> |
| Total | <u>\$ 207,345</u> |

NOTE J – COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Organization does not anticipate material losses as a result of these commitments and contingencies.

During 2021, the Organization participated in certain federal awards subject to the Uniform Guidance audit requirements. The compliance audit of the federal awards has been conducted as of and for the year ended December 31, 2021. The compliance audit revealed no material weakness or significant findings and questioned costs. Findings and questioned costs may exist that were not identified, however, the Organization expects such accounts, if any, not to be material to the basic financial statements.

SUPPLEMENTARY INFORMATION – SINGLE AUDIT



WHEELER•WOLFENDEN•DWARES

Certified Public Accountants

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*

To the Board of Directors
Family Promise of Northern New Castle County, Inc.
Wilmington, Delaware

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 Northern New Castle County, Inc. (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, and have issued our report thereon dated August 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Promise of Northern New Castle County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Promise of Northern New Castle County, Inc.'s (the Organization) 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.

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

Our consideration of 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 may exist that have not been identified.

Compliance and Other Matters

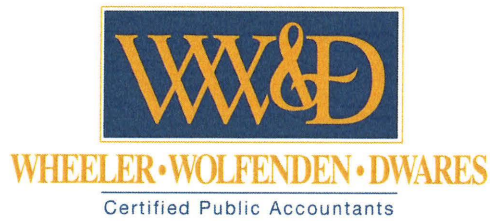
As part of obtaining reasonable assurance about whether Family Promise of Northern New Castle County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.



August 11, 2022
Wilmington, Delaware



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Promise of Northern New Castle County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Family Promise of Northern New Castle County, Inc.'s major federal programs for the year ended December 31, 2021. Family Promise of Northern New Castle County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Promise of Northern New Castle County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Promise of Northern New Castle County, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Family Promise of Northern New Castle County, Inc.'s compliance with the compliance requirements referred to above.

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family Promise of Northern New Castle County, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family Promise of Northern New Castle County, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family Promise of Northern New Castle County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Family Promise of Northern New Castle County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Family Promise of Northern New Castle County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Family Promise of Northern New Castle County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed

To the Board of Directors
Family Promise of Northern New Castle County, Inc.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



August 11, 2022
Wilmington, Delaware

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

| <u>Federal Grantor / Pass-through Grantor Program Title</u> | <u>CFDA #</u> | <u>Expenditures *</u> |
|--|---------------|-----------------------|
| Department of Housing and Urban Development | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii (CDBG) | | |
| Passed through New Castle County | 14.228 | \$ 17,758 |
| Passed through Delaware State Housing Authority - CARES ACT | 14.228 | 86,966 |
| Total CDBG | | <u>104,724</u> |
| Emergency Solutions Grant Program | | |
| Passed through New Castle County | 14.231 | 30,201 |
| Passed through New Castle County - CARES ACT | 14.231 | 292,764 |
| Passed through City of Wilmington | 14.231 | 25,416 |
| Passed through City of Wilmington - CARES ACT | 14.231 | 86,303 |
| Passed through Delaware State Housing Authority - CARES ACT | 14.231 | 144,989 |
| Total Emergency Solutions Grant Program | | <u>579,673</u> |
| Department of Housing and Urban Development | | |
| Continuum of Care Program | 14.267 | <u>348,006</u> |
| Total expenditures of federal awards | | <u>\$ 1,032,403</u> |

* No awards were passed through to Subrecipients.

The accompanying notes are an integral part of this schedule.

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Family Promise of Northern New Castle County, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Family Promise of Northern New Castle County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance and / or OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Family Promise of Northern New Castle County, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued is unmodified.

Internal control over financial reporting

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not
 considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not
 considered to be material weakness(es)? _____ yes X none reported

Type of auditors’ report issued on compliance for major programs is unmodified.

Any audit findings disclosed relative to the major
federal award program? _____ yes X no

The programs tested as major were the Emergency Solutions Grant Program (14.231)

Dollar threshold used to distinguish between Types A and B programs was \$750,000.

Auditee qualified as low-risk auditee: _____ yes X no

Continued...

FAMILY PROMISE OF NORTHERN NEW CASTLE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.