

FAMILY PROMISE OF BARRY COUNTY
FINANCIAL STATEMENTS
For the year ended December 31, 2021

Independent Accountants' Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Family Promise of Barry County

We have reviewed the accompanying financial statements of Family Promise of Barry 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. 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 Barry County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

As disclosed in Note B to the financial statements, the Organization has not allocated costs among programs and supporting functions in the accompanying financial statements as required by accounting principals generally accepted in the United States of America.

Qualified Conclusion

Based on our review, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, 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.

Hastings, MI
July 22, 2022

Walker, Fluke & Sheldon, PLC

**Family Promise of Barry County
Statement of Financial Position
December 31, 2021**

Assets

Current assets:	
Cash and cash equivalents	\$ 94,665
Restricted assets	<u>7,795</u>
Total current assets	<u>102,460</u>
Property, furniture and equipment:	19,174
Accumulated depreciation	<u>(5,163)</u>
Net property, furniture and equipment	<u>14,011</u>
Total assets	<u>\$ 116,471</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 1,791
Deferred revenues	<u>15,795</u>
Total current liabilities	<u>17,586</u>
Total liabilities	<u>17,586</u>
Net assets:	
Without donor restrictions	97,385
With donor restrictions	<u>1,500</u>
Total net assets	<u>98,885</u>
Total liabilities and net assets	<u>\$ 116,471</u>

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

Family Promise of Barry County
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Contributions and grants	\$ 97,095	\$ 1,500	\$ 98,595
Event Income	18,350		18,350
Interest Income	56	-	56
Net assets released from restrictions:			
Satisfaction of purpose restrictions	-	-	-
Total revenues, gains, and other support	115,501	1,500	117,001
Expenses and losses:			
Program services:			
Housing and day center	34,317	-	34,317
Supporting services:			
Fundraising	9,986	-	9,986
General and administrative	82,758	-	82,758
Total expenses and losses	127,061	-	127,061
Changes in net assets	(11,560)	1,500	(10,060)
Net assets at beginning of year	108,945	-	108,945
Net assets at end of year	\$ 97,385	\$ 1,500	\$ 98,885

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

Family Promise of Barry County
Statement of Functional Expenses
For the Year Ended December 31, 2021

	<u>Program Activities</u>	<u>Supporting Activities</u>		<u>Total</u>
	<u>Housing and Day Center</u>	<u>Fundraising</u>	<u>General and Administrative</u>	
Advertising and promotion	\$ -	\$ -	\$ 1,587	\$ 1,587
Association expense	-	-	1,520	1,520
Conference and training	-	-	1,077	1,077
Contract and professional services	-	-	6,605	6,605
Event	-	9,767	-	9,767
Depreciation expense	-	-	2,065	2,065
Direct gifts	-	-	60	60
Fees	-	219	523	742
Insurance	-	-	3,074	3,074
Maintenance and repairs	1,083	-	-	1,083
Memberships and dues	-	-	735	735
Miscellaneous	-	-	393	393
Office expenses	253	-	1,238	1,491
Printing and publications	-	-	566	566
Rent and utilities	8,000	-	3,560	11,560
Salaries and fringes	21,137	-	57,262	78,399
Supplies	1,133	-	2,493	3,626
Transportation expenses	2,711	-	-	2,711
	<u>2,711</u>	<u>-</u>	<u>-</u>	<u>2,711</u>
Totals	<u>\$ 34,317</u>	<u>\$ 9,986</u>	<u>\$ 82,758</u>	<u>\$ 127,061</u>

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

Family Promise of Barry County
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ (10,060)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,065
Changes in:	
Receivables	3,750
Accounts payable	1,227
Deferred revenue	(250)
Net cash provided by (used by) operating activities	<u>(3,268)</u>
Cash flows from investing activities:	
Net investment activity	<u>-</u>
Net cash provide by (used by) investing activities	<u>-</u>
Cash flows from financing activities:	
Payments on notes payable	<u>-</u>
Net cash provided by (used by) financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(3,268)
Cash and cash equivalents at beginning of year (including restricted assets of \$2,795)	<u>105,728</u>
Cash and cash equivalents at end of year (including restricted assets of \$7,795)	<u>\$ 102,460</u>
Supplemental cash flow disclosures:	
Interest paid	<u>\$ -</u>

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

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

Note A: Summary of Significant Accounting Policies

Background - Family Promise of Barry County's mission is to end homelessness one family at a time. The Organization partners with local churches to host families by providing shelter and meals for a week at a time. The Organization also operates a day center that provides cleaning and laundry facilities to allow families to prepare for work and school. Family Promise of Barry County generates revenue primarily from donations and grants.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide"). (ASC) 958-205 was effective January 1, 2018. The (ASC) has been applied retrospectively to all periods presented.

Under the provisions of the Guide, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations. This includes restrictions on assets that may or will be met, either by actions of the Organization and/or the passage of time. These restrictions also include stipulations on assets that they are to be maintained permanently by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents - For the statement of financial position and statement of cash flows, the Organization considers cash and cash equivalents to consist of cash balances in checking accounts and certificates of deposit. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. From time to time during the year, the Organization may have cash in these accounts in excess of the federally insured limit. The Organization has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

Receivables - The Organization considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Receivable primarily represents amounts owed from grant contracts.

Property, Furniture, and Equipment - Property, furniture, and equipment are carried at cost. Donations of property, furniture and equipment are recorded at estimated fair value at the time received. Such donations are reported as unrestricted support unless the donor has restricted the use of the donated asset to a specific purpose. Depreciation of property, furniture, and equipment is provided using the straight-line method for financial reporting purposes over the estimates useful lives of the assets, which range from three to ten years. Depreciation expense for the year ended December 31, 2021 was \$2,065.

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

Note A: Summary of Significant Accounting Policies (Continued)

Contributions and grants - Contributions and grants received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished with donor restricted net assets, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. If the restriction will be met in the same reporting period, the support may be recorded as unrestricted.

Income Taxes - The Internal Revenue Service has determined that Family Promise is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made. The Organization is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. Family Promise has evaluated its tax positions and determined it has no uncertain tax positions and has recorded no obligation for unrelated business income tax. No provision for federal or state income taxes is required as of December 31, 2021. The Organization's federal income tax returns are subject to possible examination by the Internal Revenue Service for three years after the returns are filed or the filing deadline.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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. Accordingly, actual results could differ from those estimates.

Note B: Known Departures from Accounting Principles Generally Accepted in the United States of America

The financial statements present certain categories of expenses that are attributable to more than one program or supporting activity. These expenses require allocation on a reasonable basis that is consistently applied.

The Organization has not allocated costs among programs or supporting activities on a reasonable basis that is consistently applied as required by Generally Accepted Accounting Principles.

Note C: Property, Furniture and Equipment

A summary of property, furniture and equipment is as follows:

Leasehold improvements	\$ 13,275
Machinery and equipment	4,399
Vehicles	<u>1,500</u>
Total property, furniture and equipment	19,174
Less: accumulated depreciation	<u>(5,163)</u>
Net property, furniture and equipment	<u>\$ 14,011</u>

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

Note D: Net Assets with Donor Restrictions

Net assets with donor restrictions consists of contributions for the remodel of the kitchen.

Note E: Advertising Expenses

The Organization expenses advertising costs as incurred. The amount expensed during the year ended December 31, 2021 was \$1,587.

Note F: In-kind Contributions

Included in contributions revenue as well as general and program expenses are donations of rent for the day camp valued at \$8,000 for the year ended December 31, 2021. In-kind contributions are valued based on the cost that would have been incurred to purchase these items.

Volunteers have contributed a significant amount of time to the Organization without compensation. However, these services were not recognized as contributions in the financial statements as they do not meet the necessary accounting criteria.

Note G: Assets with Restrictions

Restriction on assets relate to grants received but not expended for its intended purposes. As of December 31, 2021, the Organization had assets restricted for outdoor activity items, kitchen remodel and pet care and supplies.

Note H: Concentrations of Credit Risk

The Organization maintains bank accounts at one bank and two credit unions at December 31, 2021. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of the FDIC limits totaled \$0 as of December 31, 2021.

Note I: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	\$ 116,471
Less those unavailable for general expenditures within one year due to:	
Property, furniture and equipment, net	(14,011)
Donor restricted for programs	<u>(7,795)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 94,665</u>

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

Note J: Lease Agreements

The Organization has a lease agreement to rent space under an operating lease that expires on December 31, 2024. Under the lease, monthly lease payments are required starting January 1, 2020 in the amount of \$208.33 and can be reviewed at a minimum of annually or as frequently as quarterly, as deemed necessary by either party.

Future lease payments are expected to be as follows for the year ended December 31

2022	\$2,500
2023	\$2,500
2024	\$2,500

Note K: Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of multiple businesses. The Organization has experienced a negative impact on its operations and financial condition. As of the date these financial statements were available to be issued, the COVID-19 pandemic was ongoing, and as a result, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

Note L: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through July 22, 2022, the date which the financial statements were available to be issued.