

FAMILY PROMISE NORTH SHORE BOSTON, INC.



FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

**FAMILY PROMISE NORTH SHORE BOSTON, INC.
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Family Promise North Shore Boston, Inc.
Beverly, Massachusetts

We have reviewed the accompanying financial statements of Family Promise North Shore Boston, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 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 engagements 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.

Accountant's Conclusion

Based on our reviews, 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.

Johnson O'Connor Feron & Carucci LLP

Wakefield, Massachusetts
October 25, 2019

**FAMILY PROMISE NORTH SHORE BOSTON, INC.
STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2018	2017
ASSETS		
Cash	\$ 40,717	\$ 60,714
Contributions receivable	11,285	8,572
Prepaid expenses	-	1,271
Property and equipment, net	34,908	43,899
Total assets	\$ 86,910	\$ 114,456
LIABILITIES AND NET ASSETS		
LIABILITIES		
Note payable	\$ -	\$ 3,282
Accounts payable and accrued expenses	12,733	15,752
Total liabilities	12,733	19,034
NET ASSETS		
Without donor restrictions	74,177	86,850
With donor restrictions	-	8,572
Total net assets	74,177	95,422
Total liabilities and net assets	\$ 86,910	\$ 114,456

See independent accountants' review report and notes to financial statements.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2018		
	Total	Without Donor Restrictions	With Donor Restrictions
REVENUE			
Fundraising events income, net	\$ 139,745	\$ 139,745	\$ -
Grants and contributions	112,395	112,395	-
In-kind donations	27,009	27,009	-
Transitional rent income	2,925	2,925	-
Net assets released from restrictions	-	8,572	(8,572)
Total revenue	<u>282,074</u>	<u>290,646</u>	<u>(8,572)</u>
EXPENSES			
<u>Program services -</u>	123,467	123,467	-
Total program services	<u>123,467</u>	<u>123,467</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	104,756	104,756	-
Fundraising	75,096	75,096	-
Total supporting services	<u>179,852</u>	<u>179,852</u>	<u>-</u>
Total expenses	<u>303,319</u>	<u>303,319</u>	<u>-</u>
Change in net assets	(21,245)	(12,673)	(8,572)
NET ASSETS - BEGINNING OF YEAR	<u>95,422</u>	<u>86,850</u>	<u>8,572</u>
NET ASSETS - END OF YEAR	<u><u>\$ 74,177</u></u>	<u><u>\$ 74,177</u></u>	<u><u>\$ -</u></u>

See independent accountants' review report and notes to financial statements.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
STATEMENT OF ACTIVITIES

	Year Ended December 31, 2017		
	Total	Without Donor Restrictions	With Donor Restrictions
REVENUE			
Fundraising events income, net	\$ 116,630	\$ 116,630	\$ -
Grants and contributions	120,838	112,266	8,572
In-kind donations	32,425	32,425	-
Transitional rent income	800	800	-
Net assets released from restrictions	-	159	(159)
Total revenue	<u>270,693</u>	<u>262,280</u>	<u>8,413</u>
EXPENSES			
<u>Program services -</u>	<u>120,692</u>	<u>120,692</u>	<u>-</u>
Total program services	<u>120,692</u>	<u>120,692</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	89,320	89,320	-
Fundraising	73,941	73,941	-
Total supporting services	<u>163,261</u>	<u>163,261</u>	<u>-</u>
Total expenses	<u>283,953</u>	<u>283,953</u>	<u>-</u>
Change in net assets	(13,260)	(21,673)	8,413
NET ASSETS - BEGINNING OF YEAR	<u>108,682</u>	<u>108,523</u>	<u>159</u>
NET ASSETS - END OF YEAR	<u><u>\$ 95,422</u></u>	<u><u>\$ 86,850</u></u>	<u><u>\$ 8,572</u></u>

See independent accountants' review report and notes to financial statements.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2018			
	Total Expenses	Program Services	Supporting Services	
			Management and General	Fundraising
Payroll and payroll taxes	\$ 173,210	\$ 60,624	\$ 51,962	\$ 60,624
Housing	35,677	35,677	-	-
Rent and utilities	23,184	8,114	6,956	8,114
Professional fees	13,958	-	13,958	-
Office	11,609	-	11,609	-
Insurance	10,944	2,333	8,611	-
Employee benefits	9,041	3,164	2,713	3,164
Depreciation	8,991	3,147	2,697	3,147
Vehicle	5,381	5,381	-	-
Licenses, permits and fees	4,145	-	4,145	-
Travel	2,716	2,716	-	-
Day care	1,692	1,692	-	-
Miscellaneous	1,536	-	1,536	-
Meals and entertainment	482	482	-	-
Postage and delivery	324	-	324	-
Interest	144	-	144	-
Repairs and maintenance	135	47	41	47
Advertising	90	90	-	-
Bank charges	60	-	60	-
Total expenses	\$ 303,319	\$ 123,467	\$ 104,756	\$ 75,096

See independent accountants' review report and notes to financial statements.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2017			
	Total Expenses	Program Services	Supporting Services	
			Management and General	Fundraising
Payroll and payroll taxes	\$ 170,542	\$ 59,690	\$ 51,162	\$ 59,690
Housing	28,492	28,492	-	-
Rent and utilities	22,148	7,752	6,644	7,752
Professional fees	10,193	-	10,193	-
Office	8,775	-	8,775	-
Insurance	7,461	2,819	4,642	-
Employee benefits	9,095	3,183	2,729	3,183
Depreciation	9,096	3,184	2,728	3,184
Vehicle	8,453	8,453	-	-
Licenses, permits and fees	70	-	70	-
Travel	-	-	-	-
Day care	5,923	5,923	-	-
Miscellaneous	997	-	997	-
Meals and entertainment	696	696	-	-
Postage and delivery	540	-	540	-
Interest	250	-	250	-
Repairs and maintenance	378	132	114	132
Advertising	368	368	-	-
Bank charges	476	-	476	-
Total expenses	\$ 283,953	\$ 120,692	\$ 89,320	\$ 73,941

See independent accountants' review report and notes to financial statements.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (21,245)	\$ (13,260)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,991	9,096
(Increase) decrease in operating assets:		
Contributions receivable	(2,713)	(8,413)
Prepaid expenses	1,271	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(3,019)	1,722
Net cash used by operating activities	(16,715)	(10,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(3,282)	(3,153)
Net cash used by financing activities	(3,282)	(3,153)
Net decrease in cash	(19,997)	(14,008)
CASH - BEGINNING OF YEAR	60,714	74,722
CASH - END OF YEAR	\$ 40,717	\$ 60,714

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for:		
Interest	\$ 144	\$ 250

See independent accountants' review report and notes to financial statements.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS

1. STATEMENT OF PURPOSE

Family Promise North Shore Boston, Inc. (the Organization) is a Massachusetts nonprofit corporation established on March 19, 2010. The Organization's mission is to return newly homeless North Shore Boston families to economic self-sufficiency, while serving each family that experiences homelessness in a manner that embraces the dignity and strength of the family. The Organization is committed to keeping families together during their time of homelessness and to helping them through the process of finding support and housing. The Organization has an office located in Beverly, Massachusetts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting –

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtained the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review –

Subsequent events have been evaluated by management through October 25, 2019, the date the financial statements were available to be issued.

Cash and Cash Equivalents –

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

Contributions Receivable –

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization establishes an allowance for estimated uncollectible amounts sufficient to cover anticipated losses. The Organization determines its allowance based upon analysis of the collectability of specific contributions, historical experience and the aging of the receivables. Adjustments are made in the periods any excess or shortfall is identified. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. Management has determined that contributions receivables are fully collectible as of December 31, 2018 and 2017. Therefore, no allowance for uncollectible accounts was recorded at December 31, 2018 and 2017.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment –

Property and equipment are recorded at cost if purchased or fair value if contributed. Acquisitions of property and equipment in excess of a predetermined threshold are capitalized, while those below this threshold are expensed. Upon retirement or disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Depreciation is provided by the straight-line method over estimated useful lives ranging from 5 years to 15 years.

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 – Net assets subject to donor-imposed restrictions. Some donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Revenue Recognition –

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Special event revenue is recognized at the time the event occurs.

Non-Cash Donations –

The Organization's non-cash donations consist primarily of donated supplies for clients, food, and items to be auctioned off at fundraising events. These donations are recorded at fair market value based on the price of comparable items at the date of donation. The Organization received non-cash donations totaling \$23,009 and \$28,425 for the years ended December 31, 2018 and 2017, respectively.

Donated services are reported as contributions when the services create or enhance nonfinancial assets or would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. Donated consulting and legal services are included in public support at fair value. Donated services with a fair market value of \$4,000 were recognized in in-kind donations and expense for the years ended December 31, 2018 and 2017.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Cash Donations (Continued) –

The Organization receives services donated by its trustees, neighbors and other interested individuals in carrying out its purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Functional Expenses –

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

Management and general – includes all activities related to the Organization’s internal management and accounting for program services.

Fundraising – includes activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization’s programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Other expenses that are common to several functions are allocated in accordance with the Organization’s indirect costs allocation plan. Allocations of functional expenses are based on management’s discretion and estimates. These variables may change from year to year. As a result, there may be fluctuations in the comparative presentation of data from year to year.

Income Taxes –

The Organization is organized and operated exclusively for charitable purposes. Income related to these purposes is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Unrelated business income would be taxable according to applicable Internal Revenue Code sections.

The Organization regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained under audit based solely on the technical merits of the tax position. The Organization accrues interest and penalties on uncertain tax positions as a component of the provision for income taxes.

The Organization files federal and Massachusetts tax returns. The statute of limitations for these jurisdictions is generally three years. The Organization had no returns under examination as of December 31, 2018.

Advertising Costs –

The Organization’s policy is to expense advertising costs as incurred. Advertising costs totaled \$90 and \$368 for the years ended December 31, 2018 and 2017, respectively.

**FAMILY PROMISE NORTH SHORE BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements –

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has implemented ASU 2016-14 during the year ended December 31, 2018 and adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented; no change in net assets occurred due to this change.

3. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash in a bank deposit account. The bank balances at times may exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash.

4. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the donor has set aside the funds for a specific time period or purpose.

	December 31,	
	2018	2017
Financial assets:		
Cash	\$ 40,717	\$ 60,714
Contributions receivable	11,285	8,572
Financial assets, at year end	52,002	69,286
Financial assets available to meet cash needs for general expenditures within one year	\$ 52,002	\$ 69,286

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due throughout the year. Management monitors its liquid assets throughout the year to ensure funds are available to cover operating costs and adjusts discretionary spending as necessary.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS

5. CONTRIBUTIONS RECEIVABLE

As of December 31, 2018 and 2017, the contributions receivable balance of \$11,285 and \$8,572, respectively, were due within one year.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31,	
	2018	2017
Leasehold improvements	\$ 53,299	\$ 53,299
Motor vehicles	23,236	23,236
Furniture and fixtures	4,800	4,800
Computer equipment	1,050	1,050
	<u>82,385</u>	<u>82,385</u>
Less: Accumulated depreciation	47,477	38,486
	<u>\$ 34,908</u>	<u>\$ 43,899</u>

7. NOTE PAYABLE

Note payable as of December 31, 2018 and 2017 consisted of a note payable to a bank, secured by an automobile, due in 60 installments of \$283 including interest at 5.0%, which matured in December 2018. The outstanding balance was \$0 and \$3,282 at December 31, 2018 and 2017, respectively.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2017 included contributions receivable subject to time restrictions. This restriction was met during the year ended December 31, 2018 and released from restriction. There were no net assets with donor restrictions at December 31, 2018.

9. COMMITMENTS

In October 2017, the Organization began leasing a residential apartment under a three-year lease set to expire on October 31, 2020. The lease calls for monthly payments of \$975 and the unit is to be used for temporary housing for select families in the Organization's program. The Organization pays the monthly rent of \$975 and then rents it back to the family at a reduced fee.

FAMILY PROMISE NORTH SHORE BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS

9. COMMITMENTS (Continued)

The Organization also leases office space in Beverly, Massachusetts under a month to month lease agreement as a tenant at will.

Rent expense under these agreements totaled \$29,700 and \$22,388 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under the non-cancelable lease commitment are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 11,700
2020	<u>9,750</u>
	<u>\$ 21,450</u>

10. RELATED PARTY TRANSACTIONS

The Organization may pay fees to the national organization, a related party, for services and support during a given year. For the years ended December 31, 2018 and 2017, the Organization paid fees totaling \$4,020 and \$0, respectively. There were no amounts due to or from the related party at December 31, 2018 and 2017.

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