

**FAMILY PROMISE NORTH SHORE BOSTON, INC.**



**FINANCIAL STATEMENTS**

**Years Ended December 31, 2019 and 2018**

**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, 2019 and 2018, 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  
November 9, 2020

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

	December 31,	
	2019	2018
<b>ASSETS</b>		
Cash	\$ 59,702	\$ 40,717
Contributions receivable	5,257	11,285
Prepaid expenses	3,827	-
Property and equipment, net	30,625	34,908
Total assets	\$ 99,411	\$ 86,910
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 14,793	\$ 12,733
<b>NET ASSETS</b>		
Without donor restrictions	84,618	74,177
Total liabilities and net assets	\$ 99,411	\$ 86,910

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

**FAMILY PROMISE NORTH SHORE BOSTON, INC.**  
**STATEMENT OF ACTIVITIES**

	Year Ended December 31, 2019		
	Total	Without Donor Restrictions	With Donor Restrictions
<b>REVENUE</b>			
Special events, net	\$ 141,097	\$ 141,097	\$ -
Grants and contributions	151,860	151,860	-
In-kind donations	13,620	13,620	-
Transitional rent income	4,640	4,640	-
Net assets released from restrictions	-	-	-
Total revenue	<u>311,217</u>	<u>311,217</u>	<u>-</u>
<b>EXPENSES</b>			
<u>Program services -</u>	189,768	189,768	-
Total program services	<u>189,768</u>	<u>189,768</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	89,517	89,517	-
Fundraising	21,491	21,491	-
Total supporting services	<u>111,008</u>	<u>111,008</u>	<u>-</u>
Total expenses	<u>300,776</u>	<u>300,776</u>	<u>-</u>
Change in net assets	10,441	10,441	-
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>74,177</u>	<u>74,177</u>	<u>-</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 84,618</u></u>	<u><u>\$ 84,618</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, 2018		
	Total	Without Donor Restrictions	With Donor Restrictions
<b>REVENUE</b>			
Special events, 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>
<b>EXPENSES</b>			
<u>Program services -</u>	<u>123,467</u>	<u>123,467</u>	<u>-</u>
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)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>95,422</u>	<u>86,850</u>	<u>8,572</u>
<b>NET ASSETS - END OF YEAR</b>	<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 FUNCTIONAL EXPENSES**

	Year Ended December 31, 2019			
			Supporting Services	
	Total Expenses	Program Services	Management and General	Fundraising
Payroll and payroll taxes	\$ 175,811	\$ 110,371	\$ 48,836	\$ 16,604
Special event costs	36,558	-	-	36,558
Housing	33,354	33,354	-	-
Rent and utilities	26,566	24,353	1,660	553
Office	12,874	-	12,874	-
Professional fees	11,491	-	11,491	-
Insurance	8,103	2,357	5,746	-
Employee benefits	8,099	2,835	2,429	2,835
Advertising	5,185	5,185	-	-
Depreciation	4,283	1,499	1,285	1,499
Staff development	3,656	3,656	-	-
Vehicle	2,681	2,681	-	-
Licenses, permits and fees	1,813	-	1,813	-
Travel	1,713	1,713	-	-
Postage and delivery	1,538	-	1,538	-
Day care	1,386	1,386	-	-
Bank charges	1,213	-	1,213	-
Miscellaneous	632	-	632	-
Meals	378	378	-	-
Interest	-	-	-	-
Repairs and maintenance	-	-	-	-
Total expenses	337,334	189,768	89,517	58,049
Less: cost of direct benefits to donors included with special events revenue on the statement of activities	36,558	-	-	36,558
Total	\$ 300,776	\$ 189,768	\$ 89,517	\$ 21,491

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
Special event costs	47,519	-	-	47,519
Housing	35,677	35,677	-	-
Rent and utilities	23,184	8,114	6,956	8,114
Office	11,609	-	11,609	-
Professional fees	13,958	-	13,958	-
Insurance	10,944	2,333	8,611	-
Employee benefits	9,041	3,164	2,713	3,164
Advertising	90	90	-	-
Depreciation	8,991	3,147	2,697	3,147
Staff development	-	-	-	-
Vehicle	5,381	5,381	-	-
Licenses, permits and fees	4,145	-	4,145	-
Travel	2,716	2,716	-	-
Postage and delivery	324	-	324	-
Day care	1,692	1,692	-	-
Bank charges	60	-	60	-
Miscellaneous	1,536	-	1,536	-
Meals	482	482	-	-
Interest	144	-	144	-
Repairs and maintenance	135	47	41	47
<b>Total expenses</b>	<b>350,838</b>	<b>123,467</b>	<b>104,756</b>	<b>122,615</b>
Less: cost of direct benefits to donors included with special events revenue on the statement of activities	47,519	-	-	47,519
<b>Total</b>	<b>\$ 303,319</b>	<b>\$ 123,467</b>	<b>\$ 104,756</b>	<b>\$ 75,096</b>

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



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

	Years Ended December 31,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 10,441	\$ (21,245)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,283	8,991
(Increase) decrease in operating assets:		
Contributions receivable	6,028	(2,713)
Prepaid expenses	(3,827)	1,271
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	2,060	(3,019)
Net cash provided (used) by operating activities	18,985	(16,715)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	-	(3,282)
Net cash used by financing activities	-	(3,282)
Net increase (decrease) in cash	18,985	(19,997)
<b>CASH - BEGINNING OF YEAR</b>	40,717	60,714
<b>CASH - END OF YEAR</b>	\$ 59,702	\$ 40,717

**SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION**

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

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

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

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**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 provide shelter, meals, and hospitality to families by bringing together existing community resources and volunteers in order to house families and help them get back on their feet as quickly as possible. In addition to shelter, Family Promise provides continued support to recently housed graduates, and offers resource navigation for families and individuals who are in need of shelter, housing, or financial assistance. 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 has 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 November 9, 2020, the date the financial statements were available to be issued.

As a result of the recent spread of the COVID-19 coronavirus (COVID-19), economic uncertainties have arisen which could potentially impact the Organization's 2020 operating results. While the Organization has not experienced a decline in its operations or contributions at this time, management will continue to monitor the impact this pandemic may have in the future. In April 2020, the Organization applied for and obtained a Payroll Protection Plan Program under the CARES Act totaling \$35,900. The loan is available to pay payroll costs, utilities, rent, and mortgage interest over a twenty-four-week period from the time the loan is obtained. Provided the loan amount is used to pay these costs and the Organization maintains certain employment benchmarks, the loan will be forgiven. It is the intent of management to use the funds from the loan in accordance with the provisions of the CARES Act and thus it is anticipated the loan will be forgiven.

**Cash and Cash Equivalents –**

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

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

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 receivable are fully collectible as of December 31, 2019 and 2018. Therefore, no allowance for uncollectible accounts was recorded at December 31, 2019 and 2018.

**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 statements 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.

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

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition –**

Special events revenue is comprised of annual sponsorship and event ticket revenue. Annual sponsorship revenue is recognized at time of donation. Event sponsorship and event ticket revenues are recognized when the event occurs. Fees received in advance of the event are deferred to the applicable period in which the event occurs. Revenue from exchange transactions recognized at a point in time is not material to the financial statements.

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor 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. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**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 \$13,620 and \$27,009 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

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.

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

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses (Continued) –**

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. Payroll, taxes, benefits, insurance, and depreciation were allocated based on time and effort. Rent and utilities were allocated based on square footage. 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, 2019.

**Advertising Costs –**

The Organization's policy is to expense advertising costs as incurred. Advertising costs totaled \$5,185 and \$90 for the years ended December 31, 2019 and 2018, respectively.

**Recently Issued Accounting Pronouncements –**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective January 1, 2019, the first day of the Organization's fiscal year, using the full retrospective method.

The adoption of this ASU did not have a significant impact on the Organization's financial statements. The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues, expenses, assets, liabilities, or net assets as a result of the adoption.

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

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Pronouncements (Continued) –**

In June 2018, the FASB issued Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (the “ASU”)*, which clarifies the guidance in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional.

The ASU specifies that an entity can determine whether a contribution is conditional based on the condition(s) on which the contribution is received. Contractual limitations, which restrict the recipient in utilization of the contribution, and guidelines that the recipient must adhere to can deem a contribution to be conditional. Additionally, the ASU further details examples of performance related barriers, and stipulations that if present, could classify contributions as conditional.

The Organization adopted the new standard effective January 1, 2019, the first day of the Organization’s fiscal year. The adoption of this ASU did not have a significant impact on the Organization’s financial statements.

**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, 2019 and 2018, 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 required the funds be set aside for a specific time period or purpose.

	December 31,	
	2019	2018
Financial assets:		
Cash	\$ 59,702	\$ 40,717
Contributions receivable	5,257	11,285
Financial assets, at year end	<u>64,959</u>	<u>52,002</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 64,959</u>	<u>\$ 52,002</u>

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

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**4. LIQUIDITY AND AVAILABILITY (Continued)**

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.

**5. CONTRIBUTIONS RECEIVABLE**

As of December 31, 2019 and 2018, the contributions receivable balance of \$5,257 and \$11,285, respectively, were due within one year.

**6. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	December 31,	
	2019	2018
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	51,760	47,477
	<u>\$ 30,625</u>	<u>\$ 34,908</u>

**7. 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, 2019 and 2018, the Organization paid fees totaling \$1,688 and \$4,020, respectively. There were no amounts due to or from the related party at December 31, 2019 and 2018.

**8. 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 paid the monthly rent of \$975 and then rented it back to the family at a reduced fee until the tenant took over the lease on October 1, 2019. 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 \$25,315 and \$29,700 for the years ended December 31, 2019 and 2018 respectively.

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