

**FAMILY PROMISE
OF GREATER ROANOKE, INC.**

Roanoke, Virginia

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Promise of Greater Roanoke, Inc.
Roanoke, Virginia

We have audited the accompanying financial statements of Family Promise of Greater Roanoke, Inc. (a nonprofit organization) which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2020 and 2019 and the related statements of revenue, expenses and changes in net assets – modified cash basis, statements of cash flows – modified cash basis and statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and net assets of Family Promise of Greater Roanoke, Inc. as of December 31, 2020 and 2019, and its revenue and expenses, changes in net assets and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A. J. + R. A., LLP

Roanoke, Virginia
May 10, 2021

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Statements of Assets, Liabilities and
Net Assets – Modified Cash Basis
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 294,879	\$ 213,979
Property and Equipment:		
Land	12,875	12,875
Building	118,701	118,701
Leasehold improvements	20,573	20,573
Vehicles	25,135	25,135
Furniture and equipment	<u>17,722</u>	<u>17,722</u>
Total	195,006	195,006
Less accumulated depreciation	<u>54,101</u>	<u>44,944</u>
Net property and equipment	<u>140,905</u>	<u>150,062</u>
Total assets	<u>\$ 435,784</u>	<u>\$ 364,041</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accrued payroll taxes	\$ 5,164	\$ 4,691
Security deposits	<u>2,800</u>	<u>3,500</u>
Total current liabilities	<u>7,964</u>	<u>8,191</u>
Net Assets:		
Without donor restrictions	395,320	344,350
With donor restrictions	<u>32,500</u>	<u>11,500</u>
Total net assets	<u>427,820</u>	<u>355,850</u>
Total liabilities and net assets	<u>\$ 435,784</u>	<u>\$ 364,041</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Statements of Revenue, Expenses and
Changes in Net Assets – Modified Cash Basis
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions:		
Support and revenue:		
Contributions	\$ 220,083	\$ 227,763
Grants	49,453	76,837
Paycheck Protection Program Grant	50,100	-
Special events (net of costs of \$3,735 in 2020 and \$10,925 in 2019)	13,870	28,637
Rental (net of costs of \$8,711 in 2020 and \$5,758 in 2019)	(3,314)	4,953
Interest	<u>402</u>	<u>1,413</u>
Total support and revenue	<u>330,594</u>	<u>339,603</u>
Expenses:		
Program	211,617	247,548
Management and general	34,946	43,059
Fund raising	<u>33,061</u>	<u>46,772</u>
Total expenses	<u>279,624</u>	<u>337,379</u>
Change in Net Assets Without Donor Restrictions	50,970	2,224
Net Assets With Donor Restrictions:		
Contributions	<u>21,000</u>	<u>11,500</u>
Change in Net Assets	71,970	13,724
NET ASSETS		
Beginning of year	<u>355,850</u>	<u>342,126</u>
End of year	<u>\$ 427,820</u>	<u>\$ 355,850</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Statements of Cash Flows – Modified Cash Basis
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 71,970	\$ 13,724
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,157	6,418
Increase (decrease) in current liabilities	<u>(227)</u>	<u>2,674</u>
Net cash provided by operating activities	80,900	22,816
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(6,848)</u>
Net increase in cash and cash equivalents	80,900	15,968
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>213,979</u>	<u>198,011</u>
End of year	<u>\$ 294,879</u>	<u>\$ 213,979</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Statements of Functional Expenses – Modified Cash Basis
For the Years Ended December 31, 2020 and 2019**

	2020			
	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Wages	\$ 128,319	\$ 18,746	\$ 26,246	\$ 173,311
Payroll Taxes	9,902	1,492	2,170	13,564
Fringe Benefits	18,218	2,745	3,993	24,956
Family Center	4,511	-	-	4,511
Client Assistance	22,109	-	-	22,109
Travel	1,392	-	-	1,392
Professional Fees	-	4,000	-	4,000
Dues	3,750	-	-	3,750
Insurance	7,855	1,964	-	9,819
Telephone	3,436	916	229	4,581
Office	6,356	1,695	423	8,474
Depreciation	5,769	3,388	-	9,157
	<u>\$ 211,617</u>	<u>\$ 34,946</u>	<u>\$ 33,061</u>	<u>\$ 279,624</u>
	2019			
	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Wages	\$ 135,006	\$ 24,025	\$ 35,320	\$ 194,351
Payroll Taxes	10,562	1,880	2,764	15,206
Fringe Benefits	29,899	5,320	7,823	43,042
Family Center	7,292	-	-	7,292
Client Assistance	29,620	-	-	29,620
Travel	6,404	-	-	6,404
Professional Fees	-	4,000	-	4,000
Dues	3,750	-	-	3,750
Insurance	7,995	1,999	-	9,994
Telephone	3,440	917	229	4,586
Office	9,537	2,543	636	12,716
Depreciation	4,043	2,375	-	6,418
	<u>\$ 247,548</u>	<u>\$ 43,059</u>	<u>\$ 46,772</u>	<u>\$ 337,379</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

FAMILY PROMISE OF GREATER ROANOKE, INC.

Notes to Financial Statements December 31, 2020 and 2019

Note 1. Nature of Activities

Family Promise of Greater Roanoke, Inc. (the Organization) was formed in August 1997. The Organization promotes, encourages, assists, coordinates and otherwise supports the provision of temporary shelter, feeding and other assistance to homeless families in the Roanoke Valley and the surrounding area. The Organization is funded primarily through contributions from local congregations and donor organizations, as well as operating grants from local businesses and governments. The Organization's program can accommodate up to fourteen people at a time and will serve approximately 250 individuals on an annual basis.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting:

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Organization has not recognized pledge receivables from contributors or accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Financial Statement Presentation:

The Organization utilizes the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This 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 between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added.

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Notes to Financial Statements
December 31, 2020 and 2019**

Note 2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation: (Continued)

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Cash and Cash Equivalents:

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

Property and Equipment:

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Notes to Financial Statements
December 31, 2020 and 2019**

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses:

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Salaries and wages and the related expenses were allocated on estimates of time spent under each function. Family center, client assistance, travel and dues expense are considered 100% program, while professional fees are considered 100% management and general. Costs of other expenses are allocated based on estimates of the amount spent per each functional category.

Income Tax Status:

The Organization is classified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

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. Actual results could vary from the estimates that were used.

Note 3. Leases

The Organization leases its facility under a year-to-year lease for \$1 per year. The lease does not have a purchase option but does have automatic one-year lease renewal unless either party terminates the lease in writing at least 90 days before the end of the current term.

Note 4. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Capital projects	\$ 20,500	\$ 11,500
Prevention program	<u>12,000</u>	<u>-</u>
	<u>\$ 32,500</u>	<u>\$ 11,500</u>

FAMILY PROMISE OF GREATER ROANOKE, INC.

**Notes to Financial Statements
December 31, 2020 and 2019**

Note 5. Paycheck Protection Program Grant

The Organization received a loan from Freedom First Federal Credit Union in the amount of \$50,100 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security (CARES) Act, and administered by the United States Small Business Administration. The entire amount of the loan has been forgiven based on meeting expenditure requirements within the specified period of 24 weeks from the date of loan funding. Therefore, loan forgiveness is reflected as grant income on the statement of activities.

Note 6. Liquidity

The Organization manages its financial assets to ensure resources are available to meet obligations over the next twelve months. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consists of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 294,879	\$ 213,979
Donor-imposed restrictions	<u>(32,500)</u>	<u>(11,500)</u>
Financial assets available for general expenditures	<u>\$ 262,379</u>	<u>\$ 202,479</u>

Note 7. Subsequent Events

Management has evaluated subsequent events through May 10, 2021, the date which the financial statements were available for issue.