

FAMILY PROMISE OF BREVARD, INC.

COMPILED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Family Promise of Brevard, Inc.
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For the Year Ended December 31, 2019

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ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Family Promise of Brevard, Inc.

Management is responsible for the accompanying financial statements of Family Promise of Brevard, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We are not independent with respect to Family Promise of Brevard, Inc.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
April 13, 2020

Family Promise of Brevard, Inc.
Statement of Financial Position

<i>December 31,</i>	2019
ASSETS	
Cash and cash equivalents	\$ 292,656
Cash and cash equivalents, restricted	52,773
Certificates of deposit	169,062
Beneficial interest in community foundation	23,435
Equipment, net of accumulated depreciation of \$3,812	762
Total assets	\$ 538,688
LIABILITIES	
Accounts payable	\$ 666
Accrued payroll	9,643
Contract liabilities	5,122
Total liabilities	15,431
NET ASSETS	
Without donor restrictions	470,484
With donor restrictions	52,773
Total net assets	523,257
Total liabilities and net assets	\$ 538,688

See accompanying notes and accountants' compilation report.

Family Promise of Brevard, Inc.
Statement of Activities

<i>For the year ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Support:			
Grants	\$ -	\$ 150,598	\$ 150,598
Contributions	107,868	34,268	142,136
Special events proceeds	255,113		
Direct costs of special events	<u>(43,779)</u>		
Gain on special events	201,314	10,020	211,334
In-kind donations	122,973	-	122,973
Investment returns, net	7,836	-	7,836
Net assets released from restrictions:			
Satisfaction of program restrictions	200,509	(200,509)	-
Total public support and revenue	640,500	(5,623)	634,877
Expenses			
Program services			
Shelter	213,174	-	213,174
Stablization	71,634	-	71,634
Prevention	132,135	-	132,135
Total program services	416,943	-	416,943
Supporting services			
Management and general	71,042	-	71,042
Fundraising	69,177	-	69,177
Total supporting services	140,219		140,219
Unallocated payment to national affiliate	3,750	-	3,750
Total expenses	560,912	-	560,912
Change in net assets	79,588	(5,623)	73,965
Net assets, beginning of year	390,896	58,396	449,292
Net assets, end of year	\$ 470,484	\$ 52,773	\$ 523,257

See accompanying notes and accountants' compilation report.

PROGRAM SERVICES

<i>For the year ended December 31, 2019</i>	Shelter	Stablization	Prevention	Program Subtotal
Expenses				
Food	\$ 30,912	\$ -	\$ -	\$ 30,912
Insurance	1,685	1,685	1,685	5,055
Miscellaneous	239	-	-	239
Professional services	760	-	-	760
Rent and utilities for families	38,681	-	64,734	103,415
Rent and utilities	12,732	12,732	12,732	38,196
Repair and maintenance	1,926	1,926	1,926	5,778
Salaries and benefits	86,527	50,831	51,058	188,416
Supplies	9,657	534	-	10,191
Transportation	29,140	-	-	29,140
Travel	-	3,926	-	3,926
Subtotal expenses before depreciation	212,259	71,634	132,135	416,028
Depreciation	915	-	-	915
Total expenses reported by function	213,174	71,634	132,135	416,943
Unallocated payment to national affiliate	-	-	-	-
Total expenses	\$ 213,174	\$ 71,634	\$ 132,135	\$ 416,943

Family Promise of Brevard, Inc.
Statement of Functional Expenses

SUPPORTING SERVICES

Management And General	Fundraising	Supporting Subtotal	Total Expenses
\$ -	\$ -	\$ -	\$ 30,912
595	298	893	5,948
3,829	13,332	17,161	17,400
12,498	2,605	15,103	15,863
-	-	-	103,415
4,495	2,246	6,741	44,937
680	340	1,020	6,798
42,013	50,356	92,369	280,785
-	-	-	10,191
-	-	-	29,140
6,932	-	6,932	10,858
71,042	69,177	140,219	556,247
-	-	-	915
71,042	69,177	140,219	557,162
-	-	-	3,750
\$ 71,042	\$ 69,177	\$ 140,219	\$ 560,912

Family Promise of Brevard, Inc.
Statement of Cash Flows

For the year ended December 31, **2019**

Cash flows from operating activities:		
Cash received from granting agencies	\$	150,598
Contributions, donations and fundraising received		402,371
Cash paid to vendors		(199,461)
Cash paid to employees		(279,438)
Interest received		3,274
<hr/>		
Net cash provided by operating activities		77,344

Cash flows from investing activities:		
Proceeds from redemptions of certificates of deposits		102,404
Purchase of certificates of deposits		(168,000)
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Net cash used in investing activities		(65,596)

Net increase in cash and cash equivalents		11,748
Net cash and cash equivalents at the beginning of the year		333,681
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Net cash and cash equivalents at the end of the year	\$	345,429

Cash and cash equivalents	\$	292,656
Cash and cash equivalents, restricted		52,773
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Cash and cash equivalents total	\$	345,429

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Change in net assets	\$	73,965
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Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation expense		915
Unrealized earnings on certificates of deposit		(1,062)
Increase in beneficial interest in community foundation		(3,500)
Increase in accounts payable		557
Increase in accrued expenses		1,347
Increase in contract liabilities		5,122
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Net cash provided by operating activities	\$	77,344

Family Promise of Brevard, Inc. Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

Family Promise of Brevard, Inc. (the "Organization") is a Florida not-for-profit committed to ending family homelessness in Brevard County by collaborating with our community to provide families the support and resources they need to put themselves on a path towards long-term housing stability.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Certificates Of Deposit

The certificates have maturities of fifteen to eighteen months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. The certificates had interest rates of 1.75% and 2.176% at December 31, 2019. The certificates are measured at cost plus accrued interest.

Property, Plant and Equipment

Fixed assets are recorded at cost. The Organization capitalizes all property greater than \$1,000. Expenses which materially increase values, change capacities, or extend useful lives are capitalized. Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Equipment	5

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Ticket sales for special events are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, the service had been provided, the sales price was fixed or determinable and collectability was reasonably assured.

Contributions and grants are recognized when cash, 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 or the donor has explicitly released the restriction.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. For the year ending December 31, 2019, volunteers provided \$306,800 of services for the shelter program that was not recorded in the financial statements.

Functional Allocation of Expense

Directly identifiable expenses are charged to programs services, management and general or fundraising. Expenses that are allocated include equipment, professional services, rent and utilities, repair and maintenance, salaries and benefits, supplies, and travel, which are allocated on the basis of time and effort.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been determined to be an organization which is not a private foundation. Contributions to the Organization qualify as charitable contributions.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2016.

Subsequent Events

Subsequent events have been evaluated through April 13, 2020, the date which the financial statements were made available.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that 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. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance.

Family Promise of Brevard, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Effective January 1 2019, the Organization adopted ASC 606, using the modified retrospective method. This method allows the standard to be adopted retrospectively through a cumulative adjustment recognized upon adoption. The difference to revenue and cost recognition related account balances at January 1, 2019 under the new guidance as opposed to the prior revenue recognition guidance for contracts was determined to be immaterial. Accordingly, no adjustment to beginning retained earnings was necessary.

NOTE 3: FINANCIAL ASSET AVAILABILITY

The Organization's liquidity management has structured its financial assets to be available for its general expenditures and other obligations that come due. There is an operating reserve established by the Board of Directors that may be drawn upon in the event of financial distress or immediate liquidity need upon approval of the Board of Directors. In the event of an unanticipated liquidity need, the Organization also could draw upon the quasi-endowment with a two-third vote by the Organization's Board of Directors.

Financial Assets at December 31, 2019 *	\$ 537,926
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Less those available for general expenditures within one year, due to :	
Restricted by donors with purpose restrictions	(52,773)
Board Designations:	
Quasi-endowment fund, primarily for long-term investing	(23,435)
Operating reserve	(280,456)
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Financial assets available to meet cash needs for general expenditures within one year	\$ 181,262
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* Total assets, less nonfinancial assets (equipment)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Cash and cash equivalents	\$ 181,262
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NOTE 4: EQUIPMENT

Equipment at December 31, 2019 consisted of the following:

Equipment	\$	4,574
Less: accumulated depreciation		(3,812)
Equipment, net	\$	762
		762

Depreciation expense for the year ended December 31, 2019 was \$915.

Family Promise of Brevard, Inc.
Notes to Financial Statements

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 consisted of the following:

Subject to expenditure for specified purpose	
Prevention program	\$ 41,773
Healthcare for families in shelter program	11,000
Total net asset with donor restrictions	\$ 52,773

The following net assets were released from restrictions during the year ended December 31, 2019:

Purpose	
Shelter	\$ 72,968
Stabilization	14,250
Prevention	93,171
Healthcare for families in shelter program	9,000
Awareness	10,000
Transportation	540
Childcare	265
Appreciation event	315
Total released from restrictions	\$ 200,509

NOTE 6: NET ASSETS WITHOUT DONOR RESTRICTIONS

The Board of Directors of the Organization has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. The operating reserve is set at 6 months of the prior fiscal year's expenses. For the year ended December 31, 2019, the operating reserve balance totaled \$280,456.

The Board of Directors of the Organization has also designated funds for a quasi- endowment, to be long-term investments. The board designated net assets for the quasi-endowment totaling \$23,435 as of December 31, 2019 (See Note 8).

NOTE 7: REVENUE

The Organization is recognizing revenue as the performance obligations are satisfied at a point in time for its special events revenue. There is \$5,122 of performance obligations to be satisfied, and it is all expected to be satisfied in 2020. Contract liabilities are recognized for payments received in advance of the performance obligations being satisfied for the special events.

NOTE 7: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

For the years ended December 31,	2019
Emerald City	\$ 208,416
Golf Tournament	29,887
Galatic Fundraiser	16,810
Total revenue	\$ 255,113

The Organization's customers are primarily businesses and the general public.

December 31,	2019
Contract liabilities, beginning of year	\$ -
Contract liabilities, end of year	\$ 5,122

NOTE 8: QUASI-ENDOWMENT

In 2017, the Organization's board of directors designated funds of \$10,250 for the quasi-endowment, which were subsequently deposited into the Community Foundation of Brevard, Inc. In 2018, the Organization's board of directors designated another \$10,000 to be moved into the quasi-endowment. All of the accumulated investment gains are without donor restrictions. The Organization can withdraw its contributions with a two-thirds vote by the Organization's board of directors. The Community Foundation has variance power over the funds while they are invested. The Board's spending policy is that all the earnings will be voted on annually if they are to be spent or reinvested, and they expect a 5% annual rate of return. As of December 31, 2019, all earnings are to be reinvested.

Changes in the beneficial interest in community foundation for the year ended December 31, 2019 are as follows:

	Without Donor Restrictions	Accumulated Earnings	Total Quasi- Endowment
Beginning balance	\$ 20,250	\$ (315)	\$ 19,935
Investment returns, net	-	3,500	3,500
Total	\$ 20,250	\$ 3,185	\$ 23,435

NOTE 9: CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts with several financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). All deposit accounts are insured up to \$250,000 by the FDIC in aggregate per financial institution. The Organization did not have any amounts in excess of the FDIC limitation as of December 31, 2019.

NOTE 10: LEASE

The Organization leases a copier for monthly payments of \$110. The lease expires in 2021. The minimum lease payments under the operating lease are as follows:

<i>For the years ending December 31,</i>	
2020	\$ 1,320
2021	110
Total future minimum lease payments	\$ 1,430

The rent expense for the year ended December 31, 2019 was \$1,320.

NOTE 11: RELATED PARTIES

The Organization purchased accounting services from a company that a Board member worked for during the year ended December 31, 2019 for \$450.

NOTE 12: SUBSEQUENT EVENTS

The Organization had a \$1 a year lease for its resource center. The lessor has notified the Organization that they will need to vacate the premises by June 1st or begin paying fair market value for the rent. A new lease agreement is currently under negotiation.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.