

FAMILY PROMISE, INC.

**(Formerly Known as
The National Interfaith Hospitality Networks, Inc.)**

FINANCIAL STATEMENTS

DECEMBER 31, 2010

FAMILY PROMISE, INC.

DECEMBER 31, 2010

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Independent Auditors' Report

To the Board of Trustees of
Family Promise, Inc. (Formerly known as
The National Interfaith Hospitality Networks, Inc.)
Summit, New Jersey

We have audited the accompanying statement of financial position of Family Promise, Inc. (Formerly known as the National Interfaith Hospitality Networks, Inc.) as of December 31, 2010, and the related statements of activities, cash flows and Schedule of Capital Campaign Income and Costs for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise, Inc. as of December 31, 2010, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Simontacchi, Miller & DeAngelis, PA
Rockaway, NJ 07866
April 5, 2011

FAMILY PROMISE, INC.
(Formerly known as
The National Interfaith Hospitality Networks, Inc.)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

Assets:	
Cash and Equivalents - Operating Bank Accounts	\$ 154,282
Capital Campaign:	
Money Market Fund	2,751
Investments	812,533
Prepaid Expenses	<u>5,761</u>
Total Current Assets	<u>975,327</u>
Property and Equipment:	
Office Equipment and Furniture	266,503
Web-Site	<u>35,495</u>
Total	301,998
Less: Accumulated Depreciation	<u>269,145</u>
Total Property and Equipment	32,853
Pre-paid Rent/Leasehold Improvements	
Less: Accumulated Amortization \$ 357,993	340,637
Security Deposit	<u>900</u>
Total Assets	<u>\$1,349,717</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	<u>\$ 37,728</u>
Net Assets	
Unrestricted	705,140
Temporarily Restricted	<u>606,849</u>
Total Net Assets	<u>1,311,989</u>
Total Liabilities and Net Assets	<u>\$1,349,717</u>

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.
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STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

<u>Changes in Net Assets</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support - Operations			
Individuals	\$ 166,787	\$ -	\$ 166,787
Congregations	4,200	-	4,200
Interest, Dividend and realized Capital			
Gains Income	79	-	79
Foundations	197,500	-	197,500
Corporations	93,990	-	93,990
Fund Raising Events	377,829	-	377,829
Sales, Networks and Other Income	318,952	-	318,952
Net Assets released from Restriction	<u>216,070</u>	<u>(26,750)</u>	<u>189,320</u>
Total Support	<u>1,375,407</u>	<u>(26,750)</u>	<u>1,348,657</u>
Expenses:			
Program Services	1,139,099	-	1,139,099
Management and General	93,809	-	93,809
Fund Raising	<u>107,210</u>	<u>-</u>	<u>107,210</u>
Total Expenses	<u>1,340,118</u>	<u>-</u>	<u>1,340,118</u>
Increase (Decrease) in Net Assets - Operations	<u>35,289</u>	<u>(26,750)</u>	<u>8,539</u>
Depreciation and Amortization	14,386	-	14,386
Amortization of Rent Expense	<u>37,848</u>	<u>-</u>	<u>37,848</u>
Total Depreciation and Amortization	(52,234)	-	(52,234)
Increase (Decrease) in Net Assets - Capital Campaign	<u>70,053</u>	<u>(148,461)</u>	<u>(78,408)</u>
Total Increase (Decrease) in Net Assets	53,108	(175,211)	(122,103)
Net Assets - Beginning of Year	<u>652,032</u>	<u>782,060</u>	<u>1,434,092</u>
Net Assets - End of Year	<u>\$ 705,140</u>	<u>\$ 606,849</u>	<u>\$1,311,989</u>

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.
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STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010

	Supporting Services			
	7%	8%		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Compensation and Related Expenses				
Compensation	\$ 499,952	\$ 41,173	\$ 47,054	\$ 588,179
Payroll Taxes & Employee Benefits	<u>66,680</u>	<u>5,491</u>	<u>6,276</u>	<u>78,447</u>
Total Compensation and Related Expenses	<u>566,632</u>	<u>46,664</u>	<u>53,330</u>	<u>666,626</u>
Other Expenses				
Facility Rental and Meals (Net)	102,518	8,443	9,649	120,610
Printing and Photocopying	34,362	2,830	3,234	40,426
Office Supplies and Expense	60,414	4,975	5,686	71,075
Postage	20,566	1,694	1,936	24,196
Dues and Subscriptions	9,144	753	861	10,758
Utilities	11,275	928	1,061	13,264
Travel Expenses	93,112	7,668	8,764	109,544
Insurance	9,404	775	885	11,064
Telephone	8,969	739	844	10,552
Professional Fees and Consultants	109,797	9,042	10,334	129,173
Rent (Net)	14,602	1,202	1,374	17,178
Interns and Regional Representatives	77,884	6,414	7,330	91,628
Manuals and Merchandise	<u>20,420</u>	<u>1,682</u>	<u>1,922</u>	<u>24,024</u>
Total Other Expenses	<u>572,467</u>	<u>47,145</u>	<u>53,880</u>	<u>673,492</u>
Total Expenses	<u>\$1,139,099</u>	<u>\$ 93,809</u>	<u>\$ 107,210</u>	<u>\$1,340,118</u>

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.
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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

Cash Flows from Operating Activities:

Decrease in Net Assets	\$ (122,103)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	52,234
Unrealized Gain on Investments	(4,927)
Increase in Accounts Payable	3,149
Decrease in Prepaid Expenses	111
Decrease in Rent Receivable	<u>2,730</u>
Net Cash Used by Operating Activities	<u>(68,806)</u>

Cash Flows from Investing Activities:

Purchase of Computers	(9,000)
Increase in Investments	<u>(28,150)</u>
Net Cash Used by Investing Activities	<u>(37,150)</u>

Net Decrease in Cash (105,956)

Cash - Beginning of Year 262,989

Cash - End of Year **\$ 157,033**

Cash Paid for Income Taxes \$ - 0 -

Cash Paid for Interest \$ - 0 -

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.
(Formerly known as
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SCHEDULE CAPITAL CAMPAIGN INCOME AND COSTS
YEAR ENDED DECEMBER 31, 2010

<u>Changes in Net Assets</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Other Income			
Network Development			
Individuals	\$ -	\$ 12,500	\$ 12,500
Interest, Dividend and realized Capital Gains Income	<u>16</u>	<u>-</u>	<u>16</u>
Subtotal	<u>16</u>	<u>12,500</u>	<u>12,516</u>
Endowment			
Individuals	-	3,533	3,533
Foundations	-	36,700	36,700
Long and Short-term Distributions	2,579		2,579
Sale of Securities Gain/Realized	54,366	(16,801)	37,565
Interest and Dividends	22,095	-	22,095
Unrealized Investment Gain	<u>-</u>	<u>4,927</u>	<u>4,927</u>
Subtotal	<u>79,040</u>	<u>28,359</u>	<u>107,399</u>
Total Support and Other Income, Plus Unrealized Gain on Investments	<u>79,056</u>	<u>40,859</u>	<u>119,915</u>
Expenses and Funds Transfer			
Dues and Fees Endowment	9,003	-	9,003
Transfer to Operating	<u>-</u>	<u>189,320</u>	<u>189,320</u>
Total	<u>9,003</u>	<u>189,320</u>	<u>198,323</u>
Increase (Decrease) in Net Assets - Capital Campaign	<u>\$ 70,053</u>	<u>\$ (148,461)</u>	<u>\$ (78,408)</u>

See Accompanying Notes to Financial Statements

FAMILY PROMISE, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: Nature of Activities and Summary of Significant Accounting Policies

a. **Nature of Activities**

Family Promise, Inc., (formerly known as The National Interfaith Hospitality Networks, Inc.) Is a non-profit, non-denominational, volunteer-based organization that mobilizes communities to help homeless and low-income families achieve sustainable independence through the creation of local network programs. The Organization is supported primarily through donor contributions and grants.

b. **Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Certain grants cover several years with payments made each year. The payments are recognized each year as received to have a proper matching of support and expenditures.

c. **Contributed Services**

During the year ended December 31, 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

d. **Estimates**

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

e. **Property and Equipment**

Donations of property and equipment are recorded as support at their estimated Fair Value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in services as instructed by the donor.

FAMILY PROMISE, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: Nature of Activities and Summary of Significant Accounting Policies (cont'd)

e. Property and Equipment (cont'd)

The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Furniture and equipment is depreciated using the straight-line method. The estimated useful lives are from 5 to 7 years.

Repairs and maintenance which do not extend the useful life of the related assets are expensed as incurred. Depreciation expense for the year ended December 31, 2010 amounted to \$14,386.

f. Leasehold Improvements

In 1999 and 2000, the Organization paid a total of \$698,630 for renovations to the building in downtown Summit, New Jersey. The renovations were in lieu of rent for a period of 20 years. The improvements through the year ended December 31, 2003 had been depreciated over 30 years. The balance was \$605,573 at December 31, 2003. This balance will be amortized over 16 years, the remaining period of the lease, at \$37,848, per year (see Note 3).

g. Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, Financial Statements of Not-for-Profit Organizations. Under this statement, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

h. Contributions

The Organization has elected to adopt Statement of Financial Accounting Standards, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

FAMILY PROMISE, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: Nature of Activities and Summary of Significant Accounting Policies (cont'd)

i. Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

j. Cash and Cash Equivalents

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

b. Concentration of Risk

The Organization limits its credit risk by depositing funds only in financial institutions with high credit ratings. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at December 31, 2010. The amount in excess of insured limits in a national bank is \$ -0-. The organization does not anticipate non-performance by the bank. Other cash is in accounts with two national investment firms and is insured under SPIC for the full amount. Receivables may be due from State agencies or other organizations with whom the Organization has an established record of collection.

i. Investments

Investments in marketable securities are reflected at market value as of the balance sheet date. The change in market value from the prior year is reflected as realized or unrealized gains or losses on investments.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 2: Restriction on Net Assets

Temporarily restricted net assets are available for subsequent years:

Capital Campaign:

Individuals - Endowment	\$401,772
Foundations - Endowment	197,400
Individuals - Net Development	2,750
Unrealized Gain on Securities	<u>4,927</u>
Total	<u>\$606,849</u>

Included in cash and investments are capital campaign contributions

Endowment	\$812,532
Network Development	<u>2,751</u>
	<u>\$815,283</u>

These funds are temporarily restricted and will be used to develop new networks and with other organization programs as determined by the Board of Trustees.

Note 3: Leasing Arrangements

- a. During 2010, the Organization did not pay any rent on the newly renovated building in downtown Summit. Under the lease agreement, the Organization was obligated to pay rent starting February, 1999, until such time as they occupy the premises. The Organization moved in the new premises during the first quarter of 2000. The Organization paid for the building renovations in lieu of rent for the next 20 years. The leasehold improvements are being amortized over the 20 years and show as Amortization/Rent in the Statement of Activities. (See Note 1 f.)

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: Leasing Arrangements

- b. In June 2005, the Organization leased space on the first floor of the building. The Lease runs for the balance of the original 20-year lease, 15 years. The rent is at \$2,795.50, per month. A portion of the first floor is sub-leased at a rent of \$1,364 per month, which is paid to this organization. The sub-tenant reimburses the organization for utilities as per the sub-lease agreement. The gross rent for the period January 1, 2010 through December 31, 2010 was \$33,546 and the net amount after sub-lease payments was \$17,78. Future gross rentals are as follows:

<u>Year Ended December 31,</u>	<u>Gross</u>	<u>Net</u>
2011	\$ 33,546	\$ 17,178
2012	33,546	17,178
2013	33,546	17,178
2014	33,546	17,178
2015	33,546	17,178
Thereafter	<u>167,730</u>	<u>85,890</u>
Total	<u>\$335,460</u>	<u>\$171,780</u>

Note 4: Investments

Investments had a net unrealized gain of \$4,927 for the year ended December 31, 2010. The accumulated unrealized gain at December 31, 2010 was \$4,927.

Investments in the year ended December 31, 2010 were as follows:

<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized (Gain)</u>
\$807,606	\$812,533	\$4,927

Sales of investments in the year ended December 31, 2010 were \$831,108 with a realized gain of \$37,565.

The investment funds are in the capital campaign endowment account with a large national bank. The Organization changed banks in November 2010 and in December, the majority of the prior investments were sold. As such, the unrealized gain at December 31, 2010 is reflecting the new investments purchased in December.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 5: Retirement Plan

The Company has a 403(B) Annuity Plan with Metropolitan Life Insurance Company. An employee becomes a Participant in the Elective Deferral portion of the Plan on his/her first day of employment with the employer. The Participant is eligible for the matching and non-elective contribution after employment not exceeding 12 months for Safe Harbor contributions and not exceeding 24 months for other contributions. If employed more than 12 months, 100% vesting is required. The Company's contribution for the year ended December 31, 2010 was \$5,552.