

FAMILY PROMISE OF LEHIGH VALLEY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

FAMILY PROMISE OF LEHIGH VALLEY

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December 15, 2024

Board of Directors
Family Promise of Lehigh Valley
1346 W. Hamilton Street
Allentown, PA 18102-4329

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Family Promise of Lehigh Valley (a nonprofit organization), which comprise the Statement of Assets, Liabilities and Net Assets (Modified Cash Basis) as of June 30, 2024, and the related Statements of Support, Revenue, Expenses and Changes in Net Assets, Functional Expenses and Cash Flows (Modified Cash Basis) for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Lehigh Valley as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Promise of Lehigh Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Promise of Lehigh Valley's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Family Promise of Lehigh Valley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Promise of Lehigh Valley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We audited the 2023 financial statements of Family Promise of Lehigh Valley and expressed an unmodified audit opinion on those audited financial statements in our report dated September 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements were 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.

Respectfully submitted,

MVA Audit PLLC

FAMILY PROMISE OF LEHIGH VALLEY

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS (MODIFIED CASH BASIS)

As of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 446,739	\$ 32,140	\$ 478,879	\$ 462,989
Investments	126,481	-	126,481	50,000
Security deposits	600	-	600	600
Total current assets	573,820	32,140	605,960	513,589
Fixed Assets				
Vehicles	56,965	-	56,965	56,965
Less: accumulated depreciation	(22,942)	-	(22,942)	(12,184)
Total fixed assets	34,023	-	34,023	44,781
Total assets	\$ 607,843	\$ 32,140	\$ 639,983	\$ 558,370
LIABILITIES & NET ASSETS				
Liabilities				
Payroll taxes payable	\$ 2,159	\$ -	\$ 2,159	\$ 2,216
Employee benefits payable	-	-	-	-
Guest funds payable	-	3,193	3,193	1,260
Total liabilities	2,159	3,193	5,352	3,476
Net Assets	605,684	28,947	634,631	554,894
Total net assets	605,684	28,947	634,631	554,894
Total liabilities and net assets	\$ 607,843	\$ 32,140	\$ 639,983	\$ 558,370

See Independent Auditor's Report
The accompany notes form an integral part of these financial statements.

FAMILY PROMISE OF LEHIGH VALLEY

STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN NET ASSETS (MODIFIED CASH BASIS)

As of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
SUPPORT AND REVENUE				
Public support	\$ 184,978	\$ 13,028	\$ 198,006	\$ 191,907
Grants	27,750	61,745	89,495	114,009
Fundraising revenue	136,136	1,533	137,669	116,307
Investment income	24,920	-	24,920	13,764
Assets released from restriction	78,779	(78,779)	-	-
Totals support and revenue	<u>452,563</u>	<u>(2,473)</u>	<u>450,090</u>	<u>435,987</u>
EXPENSES				
Program service expenses	248,708	-	248,708	213,212
Management and general expenses	24,251	-	24,251	26,784
Fundraising expenses	97,394	-	97,394	76,683
Total expenses	<u>370,353</u>	<u>-</u>	<u>370,353</u>	<u>316,679</u>
Total increase (decrease) in net assets	\$ 82,210	\$ (2,473)	\$ 79,737	\$ 119,308
Net Assets - July 1, 2023	<u>523,474</u>	<u>31,420</u>	<u>554,894</u>	<u>435,586</u>
Net Assets - June 30, 2024	<u>\$ 605,684</u>	<u>\$ 28,947</u>	<u>\$ 634,631</u>	<u>\$ 554,894</u>

See Independent Auditor's Report
The accompany notes form an integral part of these financial statements.

FAMILY PROMISE OF LEHIGH VALLEY

STATEMENT OF FUNCTIONAL EXPENSES (MODIFIED CASH BASIS)

As of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Program Service Revitalization	Management & General	Fund- Raising	Total 2024	Total 2023
Director wages	\$ 63,663	\$ -	\$ 15,915	\$ 79,578	\$ 74,585
Case manager wages	32,400	-	-	32,400	23,886
Development director wages	-	-	39,357	39,357	35,000
Payroll taxes	7,911	-	4,595	12,506	11,313
Telephone and internet	2,951	-	-	2,951	4,010
Day center utilities	11,128	-	-	11,128	13,252
Office & administrative expenses	-	2,539	-	2,539	2,072
Van expenses	4,901	-	-	4,901	4,055
Beds, cribs & bedding supplies	1,126	-	-	1,126	3,291
Printing	-	13,539	-	13,539	15,795
Day care center supplies	14,657	-	-	14,657	7,923
Day care center rent	9,600	-	-	9,600	9,600
Day care center guest assistance	22,840	-	-	22,840	28,398
Hotel fees for guests due to COVID	2,659	-	-	2,659	5,267
Aftercare program expenses	3,625	-	-	3,625	1,000
Prevention program expenses	40,700	-	-	40,700	20,900
Apartment lease rent & utilities	6,556	-	-	6,556	7,026
Professional fees	4,262	6,198	-	10,460	10,807
Insurance	6,653	1,975	-	8,628	11,816
Depreciation	10,758	-	-	10,758	3,498
Travel	2,318	-	-	2,318	673
Fundraising expenses	-	-	37,527	37,527	22,512
Total functional expenses	\$ 248,708	\$ 24,251	\$ 97,394	\$ 370,353	\$ 316,679

See Independent Auditor's Report
The accompany notes form an integral part of these financial statements.

FAMILY PROMISE OF LEHIGH VALLEY

STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS)

As of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Total 2024	Total 2023
OPERATING ACTIVITIES		
Increase in net assets	\$ 79,737	\$ 119,308
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	10,758	3,498
Investment income	(24,920)	(13,764)
Increase (decrease) in payroll liabilities	(57)	(202)
Increase (decrease) in guest funds payable	1,933	470
Net cash provided by operating activities	67,451	109,310
INVESTING ACTIVITIES		
Investment income	24,920	13,764
Increase in fixed assets	-	(40,880)
Purchase of certificates of deposit	(76,481)	(50,000)
Net cash used by investing activities	(51,561)	(77,116)
FINANCING ACTIVITIES		
Net cash used by financing activities	-	-
Net increase in cash and cash equivalents	15,890	32,194
Cash and cash equivalents - beginning of year	462,989	430,795
Cash and cash equivalents - end of year	\$ 478,879	\$ 462,989

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ -	\$ -
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See Independent Auditor's Report
The accompany notes form an integral part of these financial statements.

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

Note 1 - Nature of Operations

Family Promise of Lehigh Valley (a non-profit corporation) was formed in 2015 for the charitable purpose of organizing, sponsoring and developing services and facilities for homeless families with children in the Lehigh Valley area, including providing and making available food, clothing, accommodation, re-stabilization services and other activities related to that purpose.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements on the modified cash basis of accounting modified to include fixed assets, depreciation expense, guest funds payable and payroll related liabilities. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than incurred. Consequently, accounts receivable, trade accounts payable, and accrued expenses are not included in the financial statements as of June 30, 2024. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Vehicles

Property and equipment are carried at cost or, if donated, at the fair value on the date of the gift. All assets purchased with a useful life greater than one year and costing more than \$2500 are capitalized. Major replacements and betterments are capitalized while maintenance and repairs are expensed as incurred.

Assets are depreciated on a straight-line basis over their estimated useful lives as follows:

<u>Classification</u>	<u>Years</u>
Vehicles	5

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

The Organization is exempt from Federal Income Taxes under section 501 (c) (3) of the Internal Revenue code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has not been determined by the Internal Revenue Service to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business taxable income for the year ended June 30, 2024. The Organization has reviewed the tax positions for each of the open tax years (2020-2021 to 2022-2023) or expected to be taken in its 2023-2024 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

Lease Assets

Material financing lease assets are reported within the major class of the underlying asset and are valued based on the present value of the future minimum lease payments at the inception of the lease. Amortization is recorded based on the estimated useful life of the asset. For the year ended June 30, 2024 there were no material financing leases.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not consistently by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

Major Sources of Support and Expense

Public Support, Revenues, and Expenses are recorded when received and disbursed following the modified cash basis of accounting. The major sources of public support are comprised of contributions from businesses, civic organizations, foundations and church congregations.

The major expenses of the organization include expenses related to the organization's program service and wages.

Donations

Donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Materials & Services

When donated goods, materials, equipment, and professional services are received, they are reflected as contributions in the accompanying statements at their estimated fair market value at the date of the receipt.

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

Note 3 – Cash and Cash Equivalents

Cash and Cash Equivalents are presented in the financial statements to represent the aggregate of cash funds on hand, as well as time and demand deposits held at financial institutions. All highly liquid investments with a maturity of less than three months, when purchased, are considered cash equivalents.

At June 30, 2024, cash and cash equivalents consisted of:

	Without Donor Restrictions	With Donor Restrictions	Total
Cash in commercial banks	\$ 116,590	\$ 32,140	\$ 148,730
Money market funds held in investment account	456,630	-	456,630
Less: certificates of deposit considered investments	(126,481)	-	(126,481)
Total cash per financial statements	\$ 446,739	\$ 32,140	\$ 478,879

At June 30, 2024, the carrying amounts of the Organization's cash and cash equivalents at commercial banks were \$148,730 and the bank balances were \$150,210 all of which was covered by Federal Depository Insurance. The difference between the carrying amounts and bank balances is outstanding checks at June 30, 2024. Money market funds are covered up to \$250,000 by SIPC.

Note 4 – Investments

Investments are stated at fair value and are summarized as follows as of June 30, 2024:

	Cost	Fair Value	Carrying Value
Certificates of deposit	\$ 126,481	\$ 126,481	\$ 126,481
Total	\$ 126,481	\$ 126,481	\$ 126,481

The following schedule summarizes the investment return and its classification in the Statement of Revenue, Expenses and Changes in Net Assets:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest Income	\$ 24,920	\$ -	\$ 24,920
Total investment income	\$ 24,920	\$ -	\$ 24,920

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

Note 5 – Fair Value Measurements

Fair values of investments measured on a recurring basis at June 30, 2024 are as follows:

	Fair Value Measurements At June 30, 2024			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 126,481	\$ 126,481	\$ -	\$ -
Total investments	\$ 126,481	\$ 126,481	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions, as noted in Level 1. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset. Level 3 inputs are unobservable inputs used to measure fair value to the extent that observable inputs are not available.

Note 6 – Vehicles

A summary of vehicles as of June 30, 2024, with comparative totals for June 30, 2023, consists of the following:

	2024	2023
Vehicles	\$ 56,965	\$ 56,965
	56,965	56,965
Less: accumulated depreciation	22,942	12,184
Total	\$ 34,023	\$ 44,781

Note 7 – Non-Financing Lease Right of Use Assets and Liabilities

The Organization has evaluated their lease obligations and has determined that there are no non-financing leases that are material to the financial statements as a whole that would require recording or disclosure based on FASB ASU 2016-02 – Leases (Topic 842).

The Organization is obligated under the following leases:

- A. The Organization entered into a lease agreement with Rudy Amelio Real Estate for a Day Center in Allentown, PA. The lease commenced on October 1, 2018 and the initial term ended on October 31, 2020. If neither party terminates the lease as set forth in the agreement, the lease will automatically renew for one additional year at the same rent. Rent is \$9,600 per annum. The Organization elected to renew the lease and it was in effect at June 30, 2024. The Organization reviews this lease on an annual basis to determine if it will be renewed.

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

Future minimum lease payments are:

Year Ending June 30,		
	2025	\$ 3,200
	2026	-
	2027	-
	2028	-
	2029	-
Total		<u>\$ 3,200</u>

- B. In October 2020, the Organization entered into a lease with Community Action Committee of the Lehigh Valley for temporary housing of guests. Rental payments are \$500 per month for ninety days and will be renewed automatically for additional periods of 90 days as long as guests are not in violation of applicable rules and regulations. The Organization elected to renew the lease and it was in effect at June 30, 2024.

Future minimum lease payments are:

Year Ending June 30,		
	2025	\$ 500
	2026	-
	2027	-
	2028	-
	2029	-
Total		<u>\$ 500</u>

Note 8– Concentration of Credit Risks and Uncertainties

The Organization's operations involve a number of risks and uncertainties. Factors that could affect the Organization's future operating results and cause actual results to vary materially from expectations include, but are not limited to, general economic factors, availability of volunteers and employees.

The Organization receives support from businesses, civic organizations, churches, foundation grants and the general public. A significant reduction in this level of support, if it were to occur, could have an effect on the Organization's programs and activities and the ability to obtain funds.

Note 9 - Contingencies

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance.

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

Note 10 - Non-Cash Donations

The Organization received donations of household goods, furniture, appliances, general supplies and auction items during the year. These items were recorded at fair market values provided by the Salvation Army at the time of the donation and are included as public support on the Statement of Support, Revenues and Expenses.

Unpaid volunteers have made a significant contribution of their time to provide management services and administer the organization. The value of the time contributed by these volunteers is not reflected in the financial statements, since it is not susceptible to objective measurement or valuation.

Note 11 – Availability and Liquidity of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial statement date.

Cash and cash equivalents	\$	478,879
Investments		<u>126,481</u>
Financial assets at year end		605,360
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		(28,947)
Board designations		<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>576,413</u></u>

Note 12 – Net Assets with Donor Restrictions

Net Assets with Donor Restrictions for the following purposes existed as of June 30, 2024:

Food purchases for children	\$	1,758
2024 prevention program		10,050
Aftercare program		3,694
Various small projects		308
Goodwill gifts to employee/graduates		1,522
Homeless no more		8,055
Capital campaign		3,000
Guest assistance		<u>560</u>
Total	\$	<u>28,947</u>

FAMILY PROMISE OF LEHIGH VALLEY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2024

Note 13 – Guest Funds Payable

Commencing in August 2020, the Organization initiated a new facet to its service program whereby guests agree to save approximately 50% of their earnings while in the program. This helps ensure that they will have enough funds to cover the first and last month's rent when they transition to independent living. These funds are held by Family Promise of Lehigh Valley and are returned to the guests at the end of their stay in the program or if an emergency purchase is needed.

Note 14 – Subsequent Events

Subsequent events have been evaluated by management through December 15, 2024, which is the date the financial statements were available to be issued and management has not identified any subsequent events to be disclosed.