

FAMILY PROMISE OF HAWAII

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORTS,
AND SUPPLEMENTARY SCHEDULE
As of and for the Year Ended December 31, 2020
With Prior Year Comparative Information**



CW Associates
A Hawaii Certified Public Accounting Corporation

FAMILY PROMISE OF HAWAII

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CW Associates

A Hawaii Certified Public Accounting Corporation

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Family Promise of Hawaii:

Report on the Financial Statements

We have audited the accompanying financial statements of Family Promise of Hawaii (Organization), a nonprofit Hawaii corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

Auditor's Responsibility

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 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.

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Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Prior Year Comparative Information

We have previously audited the financial statements of the Organization as of and for the year ended December 31, 2019, and we expressed an unmodified opinion on those audited financial statements in our report dated September 21, 2020. In our opinion, the accompanying prior year comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
January 4, 2022

FAMILY PROMISE OF HAWAII
STATEMENT OF FINANCIAL POSITION
As of December 31, 2020
(With Prior Year Comparative Information)

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$ 1,035,783	\$ 784,425
Grants and other receivables – net	414,949	86,916
Prepaid expense and other current assets	<u>6,443</u>	<u>11,621</u>
Total current assets	1,457,175	882,962
 PROPERTY AND EQUIPMENT – Net	 12,684	 8,340
 LEASE DEPOSITS	 <u>7,342</u>	 <u>7,342</u>
 TOTAL ASSETS	 <u>\$ 1,477,201</u>	 <u>\$ 898,644</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,816	\$ 8,036
Accrued liabilities	<u>22,470</u>	<u>5,430</u>
Total current liabilities	<u>31,286</u>	<u>13,466</u>
 NET ASSETS		
Net assets without donor restrictions	1,344,697	844,142
Net assets with donor restrictions	<u>101,218</u>	<u>41,036</u>
Total net assets	<u>1,445,915</u>	<u>885,178</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,477,201</u>	 <u>\$ 898,644</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII

STATEMENT OF ACTIVITIES

**For the Year Ended December 31, 2020
(With Prior Year Comparative Information)**

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Grants without donor restrictions	\$1,920,161	\$377,721
Contributions without donor restrictions	416,023	224,738
Net assets released from donor restrictions	134,863	57,589
In-kind contributions	90,856	229,487
Forgiveness of SBA PPP loan	67,400	-
Special events– net	45,900	37,570
Interest income	229	624
Total revenue and support	<u>2,675,432</u>	<u>927,729</u>
Expenses		
Program services	1,850,785	671,264
Management and general	311,599	119,071
Fundraising	12,493	45,126
Total expenses	<u>2,174,877</u>	<u>835,461</u>
Increase in net assets without donor restrictions	<u>500,555</u>	<u>92,268</u>
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions	195,045	52,895
Net assets released from donor restrictions	<u>(134,863)</u>	<u>(57,589)</u>
Increase (decrease) in net assets with donor restrictions	<u>60,182</u>	<u>(4,694)</u>
 INCREASE IN NET ASSETS	 560,737	 87,574
 NET ASSETS – Beginning of year	 <u>885,178</u>	 <u>797,604</u>
 NET ASSETS – End of year	 <u>\$1,445,915</u>	 <u>\$885,178</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020
(With Prior Year Comparative Information)

	<u>Program</u> <u>Services</u>	Management and <u>General</u>	<u>Fund-</u> <u>Raising</u>	<u>2020</u> <u>Total</u>	<u>2019</u> <u>Total</u>
Guest services and transportation	\$1,279,741	\$ 1,464	\$ -	\$ 1,281,205	\$ 85,590
Salaries and wages	383,105	93,566	-	476,671	299,792
Facilities lease rent	-	112,858	5,940	118,798	93,082
Employee benefits	56,807	14,916	-	71,723	33,388
Donated facilities	57,805	-	-	57,805	229,487
Professional fees	17,186	31,728	200	49,114	14,129
Payroll taxes	32,028	9,721	-	41,749	19,577
Direct costs of special events	-	-	33,575	33,575	8,412
Supplies	6,190	9,076	-	15,266	6,530
Occupancy	12,406	726	-	13,132	2,091
Telephone and communications	255	9,305	-	9,560	6,368
Miscellaneous	507	3,191	5,824	9,522	11,312
Membership and dues	-	7,979	247	8,226	8,250
Insurance	-	7,746	-	7,746	7,891
Advertising	144	5,098	-	5,242	3,340
Staff and volunteer development	769	4,214	-	4,983	9,176
Depreciation	3,842	11	-	3,853	2,734
Postage, shipping, and delivery	-	-	282	282	2,724
Total expenses	<u>1,850,785</u>	<u>311,599</u>	<u>46,068</u>	<u>2,208,452</u>	<u>843,873</u>
Direct costs of special events reported net with revenue in the statement of activities	<u>-</u>	<u>-</u>	<u>(33,575)</u>	<u>(33,575)</u>	<u>(8,412)</u>
Total expenses	<u>\$1,850,785</u>	<u>\$311,599</u>	<u>\$12,493</u>	<u>\$2,174,877</u>	<u>\$835,461</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII

STATEMENT OF CASH FLOWS

**For the Year Ended December 31, 2020
(With Prior Year Comparative Information)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 560,737	\$ 87,574
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Forgiveness of SBA PPP loan	(67,400)	-
Depreciation	3,853	2,734
Decrease (increase) in		
Grants and other receivables – net	(328,033)	(46,985)
Prepaid expenses and other current assets	5,178	(5,928)
Increase (decrease) in		
Accounts payable	780	(1,930)
Accrued liabilities	17,040	(4,299)
Net cash provided by operating activities	<u>192,155</u>	<u>31,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(8,197)</u>	-
Net cash used by investing activities	<u>(8,197)</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from SBA PPP loan	<u>67,400</u>	-
Net cash provided by financing activities	<u>67,400</u>	-
NET INCREASE IN CASH	251,358	31,166
CASH – Beginning of year	<u>784,425</u>	<u>753,259</u>
CASH – End of year	<u>\$ 1,035,783</u>	<u>\$ 784,425</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS

**As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Family Promise of Hawaii (Organization) was organized in the State of Hawaii as a nonprofit corporation in March 2006. Its mission is to develop services and facilities for the homeless of Hawaii, including providing or making available to those who are homeless, food, clothing, and temporary shelter. During the day, families are able to find shelter and care at one of the two Network and Family Centers on Oahu, in Kailua or Honolulu. In the evening, homeless families are provided shelter at various congregations. The Organization goes beyond its mission by helping families secure housing, helping them reach financial goals, and helping them provide for the health and well-being of their children. Revenue and support is funded primarily through government grants and donations from the community.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions consist of 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. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with Donor Restrictions consist of 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 Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (none in 2020 and 2019).

The financial statements include certain prior year comparative information, which is not in sufficient detail to constitute a complete presentation in accordance with U.S. GAAP. Accordingly, such prior year comparative information should be read in conjunction with the financial statements of the Organization as of and for the year ended December 31, 2019 from which the information was derived.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and grants and other receivables. Cash on deposit with financial institutions exceeded the related federal deposit insurance by approximately \$529,200 and \$296,300 at December 31, 2020 and 2019, respectively. Management evaluates the credit standings of the financial institutions to ensure that all funds are adequately safeguarded, as required by federal regulations. Grants and other receivables, which have been reduced by estimated allowances for doubtful accounts (\$0 at December 31, 2020 and 2019), are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts, including historical experience, an assessment of economic conditions, and a review of subsequent collections.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and such differences could be material to the financial statements.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at estimated fair market value at the date of contribution. Depreciation is provided using the straight-line method over estimated useful lives of six years (the term of the lease) for leasehold improvements, five years for furniture and fixtures and vehicles, and three years for software. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Major improvements and expenditures for property and equipment in excess of \$1,000 are capitalized. Repairs and maintenance are expensed as incurred.

Revenue and Expense Recognition

Revenue is recognized when the goods or services are provided to the customer and the related performance obligations are satisfied. Revenue from performance obligations satisfied at a point in time include revenue from special events sales of \$6,450 and \$9,898 for the years ended December 31, 2020 and 2019, respectively. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. There was no revenue from performance obligations satisfied over time for the years ended December 31, 2020 and 2019. Revenue from other than performance obligations included forgiveness of SBA PPP loan of \$67,400 and \$0 and interest income of \$299 and \$624 for the years ended December 31, 2020 and 2019, respectively.

Expenses, including advertising expenses of \$5,242 and \$3,340 for the years ended December 31, 2020 and 2019, respectively, are recorded when the related liability is incurred. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated to the various programs and supporting services based on management estimates including time spent by personnel.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants

The Organization's revenue from grants is based on agreements with the City and County of Honolulu. The Organization recognizes grants as either contributions or exchange transactions depending on whether the transaction is reciprocal or nonreciprocal. The majority of the Organization's grants are cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (including expenditures for property and equipment, which are capitalized and depreciated for financial reporting purposes). Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the grant provisions. Amounts received prior to incurring the qualifying expenditures are reported as refundable advances (none in 2020 and 2019) in the statement of financial position. Qualifying expenditures that have been incurred, but for which reimbursement has not yet been received, are reported in the statement of financial positions as grants receivable. Amounts received from such grants for which the conditions and any restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The Organization was awarded cost-reimbursable grants of approximately \$659,735 that have not been recognized as of December 31, 2020 because the qualifying expenditures have not yet been incurred.

Grants classified as exchange transactions are recorded as revenue without donor restrictions when the goods or services are provided as stipulated in the grant or contract agreement and the performance obligations have been met. There were no grants treated as exchange transactions for the year ended December 31, 2020.

Donor Contributions

The Organization recognizes contributions when cash or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization did not receive conditional donor contributions during the year ended December 31, 2020.

Contributions are recorded as increases to net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support is reported when pledged and is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported when pledged as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are released to net assets without donor restrictions.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Rent, Goods, and Services

In-kind contributions of rent (\$57,805 and \$229,487 for the years ended December 31, 2020 and 2019, respectively), goods (\$15,865 and \$0, for the years ended December 31, 2020 and 2019, respectively), services (\$17,186 and \$0 for the years ended December 31, 2020 and 2019, respectively), and special event in-kind contributions (\$33,131 and \$0 for the years ended December 31, 2020 and 2019, respectively) that meet the criteria for recognition are recognized as contributions at the estimated fair market value at the date of donation, and are recorded as expenses or assets in the same amount. Special event in-kind contributions for an auction held by the Organization are presented net of expenses in the statement of activities (See note F). Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. A number of unpaid volunteers have made contributions of their time to the Organization. The value of their time is not reflected in these financial statements because it does not meet the criteria for recognition.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on the gross receipts of the Organization from certain fundraising activities within Hawaii, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. Hawaii general excise tax expense included in direct cost of special events amounted to \$444 and \$445 for the years ended December 31, 2020 and 2019, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to the Organization are tax deductible.

U.S. GAAP requires uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated the Organization's tax positions as of and for the years ended December 31, 2020 and 2019, and determined that the Organization had no uncertain tax positions required to be reported in accordance with U.S. GAAP. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

NOTE B – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization manages its liquid resources by focusing on fundraising efforts to ensure that it has adequate grants and contributions to fund the programs that it conducts. The Organization prepares annual budgets and monitors actual financial results each month to ensure that it controls costs and remains liquid. The Organization's policy is to maintain cash balances to provide for its general expenditures, liabilities, and other obligations as they come due.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)

NOTE B – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

At December 31, 2020 and 2019, the Organization’s financial assets that are readily available within one year of the statement of financial position date to meet general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash (including interest-bearing accounts)	\$1,035,783	\$784,425
Grants and other receivables – net	414,949	86,916
Total financial assets	<u>1,450,732</u>	<u>871,341</u>
Net assets with donor restrictions	<u>(101,218)</u>	<u>(41,036)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,349,514</u>	<u>\$830,305</u>

NOTE C – PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$105,500	\$105,500
Furniture and fixtures	78,993	70,796
Vehicles	68,305	68,305
Software	24,474	24,474
Total	<u>277,272</u>	<u>269,075</u>
Accumulated depreciation	<u>(264,588)</u>	<u>(260,735)</u>
Property and equipment – net	<u>\$ 12,684</u>	<u>\$ 8,340</u>

NOTE D – FOREGIVENESS OF SBA PPP LOAN

In April 2020, the Organization applied for and received a \$67,400 Paycheck Protection Program (PPP) loan from First Hawaiian Bank. The U.S. Small Business Administration (SBA) established the PPP loan program in response to the COVID-19 pandemic to fund an entity’s payroll and other applicable costs. All or a portion of the loan, which matures two years from the date of funding and bears interest at 1%, may be forgiven if the borrowing entity meets the compliance requirements established by the SBA and other federal agencies. Management of the Organization determined that forgiveness of the liability for the SBA PPP loan was probable and elected to recognize the loan proceeds as a conditional contribution in accordance with U.S. GAAP. The Organization incurred qualifying payroll costs of \$67,400 during the year ended December 31, 2020 and otherwise met the compliance requirements established by the SBA and other federal agencies. Accordingly, the Organization recognized the full amount as revenue during the year ended December 31, 2020. Subsequent to the year ended December 31, 2020, the Organization applied for and received full forgiveness of the SBA PPP loan.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Client rental assistance	\$ 86,526	\$36,794
Emergency shelter activities	10,450	-
Volunteer support	3,212	3,212
Computer and other equipment	661	661
Other donor restricted net assets	<u>369</u>	<u>369</u>
Total net assets with donor restrictions	<u>\$101,218</u>	<u>\$41,036</u>

NOTE F – SPECIAL EVENTS

For the years ended December 31, 2020 and 2019, special events consisted of the following:

	<u>2020</u>	<u>2019</u>
Revenue from special events		
Ticket Sales	\$ 6,450	\$ 9,898
In-kind contributions	33,131	-
Monetary contributions	<u>39,894</u>	<u>36,084</u>
Total revenue from special events	79,475	45,982
Direct costs	<u>(33,575)</u>	<u>(8,412)</u>
Special events – net	<u>\$45,900</u>	<u>\$37,570</u>

NOTE G – LEASES

The Organization leases office and program facilities in Honolulu for approximately \$6,300 per month, increasing to approximately \$8,400 in July 2020, under an operating lease that expires in December 2022. Lease rent expense for the years ended December 31, 2020 and 2019, including common area maintenance costs and taxes, amounted to \$118,798 and \$93,082, respectively.

The Organization has an operating lease for office equipment for approximately \$60 per month that expired in April 2021. For the years ended December 31, 2020 and 2019, rent expense amounted to \$971.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)

NOTE G – LEASES (Continued)

At December 31, 2020, scheduled future minimum lease payments approximated the following:

Years Ending December 31st	
2021	\$ 124,600
2022	\$ 112,400

Several church organizations in Honolulu and Kailua, Oahu provide overnight shelter for approximately one week per calendar quarter to homeless families who are participants in the Organization's programs. The estimated fair value of the facilities provided is recognized as in-kind contributions and as donated facilities expense. The estimated fair value of the donated facilities for the years ended December 31, 2020 and 2019 amounted to \$57,805 and \$229,487, respectively.

NOTE H – EMPLOYEE RETIREMENT PLAN

The Organization sponsors a defined-contribution SIMPLE IRA employee retirement plan covering all of its employees who meet certain eligibility requirements. The Organization may match a portion of employee contributions up to 3% of their respective compensation, up to the maximum allowed under the Internal Revenue Code. Employer contributions to the plan amounted to \$9,900 and \$5,387 for the years ended December 31, 2020 and 2019, respectively.

NOTE I – CONTINGENCIES

Revenue is derived principally from grants and contributions, the loss of which could have a material adverse effect on the Organization. Amounts received from government grants are subject to audit and adjustment by various government agencies. Any disallowed claim, including amounts already collected, may constitute a liability. Management expects such amounts, if any, to not be material to the financial statements.

The Organization may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the financial statements. However, it is reasonably possible that such estimates may change within the near term.

The Organization operates in the State of Hawaii. Local, national and international events (such as the COVID-19 pandemic) can have severe, adverse effects on economic conditions in Hawaii. These financial statements do not include the adjustments that would result if the Organization were to account for future losses, as the effects on the financial statements of the Organization from such changes in economic conditions are not presently determinable.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended December 31, 2020
(With Prior Year Comparative Information)**

NOTE I – CONTINGENCIES (Continued)

The COVID-19 pandemic has caused business disruption from government-mandated and voluntary closings or reductions in services for all industries. While the disruption is currently expected to be temporary, there is considerable uncertainty as to the duration of the economic impact from the disruption. The Organization expects that this matter may continue to impact its operating results; however, the related financial impact cannot be reasonably estimated at this time.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 4, 2022, which is the date the financial statements were available to be issued, and determined that the Organization did not have any subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements except as disclosed in Note D in the accompanying financial statements.

FAMILY PROMISE OF HAWAII

SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2020

FAMILY PROMISE OF HAWAII

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2020

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub-recipients</u>
<u>United States Department of Treasury</u>				
Passed through Hawaii Community Foundation Coronavirus Relief Fund	21.019	* 20HCF-104028	\$ 1,002,677	* \$ -
Total United States Department of Treasury			<u>1,002,677</u>	<u>-</u>
<u>United States Department of Housing and Urban Development</u>				
Passed through City and County of Honolulu				
Emergency Solutions Grants Program		CT-DCS-1900181	47,562	-
Emergency Solutions Grants Program		CT-DCS-2000180	47,138	-
Emergency Solutions Grants Program		CT-DCS-2000179	<u>54,982</u>	<u>-</u>
Total Emergency Solutions Grants Program	14.231		<u>149,682</u>	<u>-</u>
Total United States Department of Housing and Urban Development			<u>149,682</u>	<u>-</u>
<u>United States Department of Justice</u>				
Direct Program				
Crime Victim Assistance	16.575		<u>37,334</u>	<u>-</u>
Total United States Department of Justice			<u>37,334</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,189,693</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

FAMILY PROMISE OF HAWAII

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Family Promise of Hawaii (Organization) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, certain amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements of the Organization.

* Denotes major program.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The expenditures are recognized following the cost principles contained in the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, agency or pass-through numbers are presented where available.

NOTE C – INDIRECT COST RATES

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

FAMILY PROMISE OF HAWAII

**REPORT IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

For the Year Ended December 31, 2020



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Family Promise of Hawaii:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Promise of Hawaii (Organization), a nonprofit Hawaii corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
January 4, 2022

FAMILY PROMISE OF HAWAII
REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE
For the Year Ended December 31, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Family Promise of Hawaii:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Family Promise of Hawaii (Organization), a nonprofit Hawaii corporation, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2020. The Organization's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CW ASSOCIATES, CPAs

Honolulu, Hawaii
January 4, 2022

FAMILY PROMISE OF HAWAII
FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

FAMILY PROMISE OF HAWAII
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

SUMMARY OF AUDITOR RESULTS

Auditor's report on the financial statements	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
<i>Financial statements</i>		
Internal control over financial reporting		
Material weaknesses(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<i>Federal awards</i>		
Internal control over major federal program		
Material weaknesses(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Auditor's report on compliance for the major federal program	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major federal award program		
CFDA No. 21.019 Coronavirus Relief Fund		
Dollar threshold used to distinguish between type A and type B programs		\$750,000
Auditee qualified as a low-risk auditee	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No*

*Auditee did not have a single audit for the year ended December 31, 2019.

FINANCIAL STATEMENT FINDINGS

No matters were reported.

FEDERAL AWARDS FINDINGS

No matters were reported.