

FAMILY PROMISE OF HAWAII

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORTS,
AND SUPPLEMENTARY SCHEDULE
As of and for the Year Ended December 31, 2021
With Prior Year Comparative Information**



FAMILY PROMISE OF HAWAII

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Family Promise of Hawaii:

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Family Promise of Hawaii (Organization), a nonprofit Hawaii corporation, which comprise the statement of financial position as of December 31, 2021, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization 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 U.S. GAAP, 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 the Organization's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's Responsibility 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 U.S. GAAS and *Government 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 U.S. GAAS and *Government 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 the Organization'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 the Organization'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.

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, 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*, is presented for purposes of additional analysis, 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 U.S. GAAS. 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 Organization's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 4, 2022. In our opinion, the accompanying prior year comparative information presented herein as of and for the year ended December 31, 2020 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 September 29, 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

CW Associates, CPAs
Honolulu, Hawaii
September 29, 2022



FAMILY PROMISE OF HAWAII
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021
(With Prior Year Comparative Information)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$ 1,033,864	\$ 1,035,783
Grants and other receivables – net	538,983	414,949
Prepaid expense and other current assets	<u>12,317</u>	<u>6,443</u>
Total current assets	1,585,164	1,457,175
 PROPERTY AND EQUIPMENT – Net	 6,845	 12,684
 LEASE DEPOSITS	 <u>5,442</u>	 <u>7,342</u>
 TOTAL ASSETS	 <u>\$ 1,597,451</u>	 <u>\$ 1,477,201</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 17,544	\$ 8,816
Accrued liabilities	<u>34,727</u>	<u>22,470</u>
Total current liabilities	<u>52,271</u>	<u>31,286</u>
 NET ASSETS		
Net assets without donor restrictions	1,507,317	1,344,697
Net assets with donor restrictions	<u>37,863</u>	<u>101,218</u>
Total net assets	<u>1,545,180</u>	<u>1,445,915</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,597,451</u>	 <u>\$ 1,477,201</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII

STATEMENT OF ACTIVITIES

**For the Year Ended December 31, 2021
(With Prior Year Comparative Information)**

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Grants without donor restrictions	\$ 1,527,139	\$ 1,920,161
Contributions without donor restrictions	290,774	416,023
Net assets released from donor restrictions	150,724	134,863
In-kind contributions	43,680	90,856
Special events– net	25,867	45,900
Proceeds from SBA PPP loan	-	67,400
Interest income	23	229
Total revenue and support	<u>2,038,207</u>	<u>2,675,432</u>
Expenses		
Program services	1,558,977	1,850,785
Management and general	316,387	311,599
Fundraising	223	12,493
Total expenses	<u>1,875,587</u>	<u>2,174,877</u>
Increase in net assets without donor restrictions	<u>162,620</u>	<u>500,555</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions	87,369	195,045
Net assets released from donor restrictions	<u>(150,724)</u>	<u>(134,863)</u>
Increase (decrease) in net assets with donor restrictions	<u>(63,355)</u>	<u>60,182</u>
INCREASE IN NET ASSETS	99,265	560,737
NET ASSETS – Beginning of year	<u>1,445,915</u>	<u>885,178</u>
NET ASSETS – End of year	<u>\$ 1,545,180</u>	<u>\$ 1,445,915</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021
(With Prior Year Comparative Information)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries and wages	\$ 575,709	\$ 165,548	\$ -	\$ 741,257	\$ 476,671
Guest services and transportation	695,512	28	-	695,540	1,281,205
Employee benefits	75,261	47,980	-	123,241	71,723
Facilities lease rent	71,682	25,532	-	97,214	118,798
Payroll taxes	48,511	18,822	-	67,333	41,749
Professional fees	3,436	39,449	-	42,885	49,114
Supplies	23,553	1,971	-	25,524	15,266
Advertising	24,134	1,037	-	25,171	5,242
Miscellaneous	8,596	7,643	223	16,462	9,522
Telephone and communications	8,354	2,274	-	10,628	9,560
Membership and dues	9,472	-	-	9,472	8,226
Insurance	7,023	-	-	7,023	7,746
Staff and volunteer development	1,462	5,437	-	6,899	4,983
Depreciation	3,828	11	-	3,839	3,853
Occupancy	2,444	402	-	2,846	13,132
Direct costs of special events	-	-	2,832	2,832	33,575
Postage, shipping, and delivery	-	253	-	253	282
Donated facilities	-	-	-	-	57,805
Total expenses	<u>1,558,977</u>	<u>316,387</u>	<u>3,055</u>	<u>1,878,419</u>	<u>2,208,452</u>
Direct costs of special events reported net with revenue in the statement of activities	<u>-</u>	<u>-</u>	<u>(2,832)</u>	<u>(2,832)</u>	<u>(33,575)</u>
Total expenses	<u>\$1,558,977</u>	<u>\$316,387</u>	<u>\$ 223</u>	<u>\$1,875,587</u>	<u>\$ 2,174,877</u>

See accompanying notes to the financial statements.

FAMILY PROMISE OF HAWAII

STATEMENT OF CASH FLOWS

**For the Year Ended December 31, 2021
(With Prior Year Comparative Information)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 99,265	\$ 560,737
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Proceeds from SBA PPP loan	-	(67,400)
Depreciation	3,839	3,853
Loss on disposal of property and equipment	1,000	-
Decrease (increase) in		
Grants and other receivables – net	(124,034)	(328,033)
Prepaid expenses and other current assets	(5,874)	5,178
Increase in		
Accounts payable	8,728	780
Accrued liabilities	12,257	17,040
Net cash provided (used) by operating activities	<u>(4,819)</u>	<u>192,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	1,000	-
Purchases of property and equipment	-	(8,197)
Lease deposits	1,900	-
Net cash provided (used) by investing activities	<u>2,900</u>	<u>(8,197)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition to SBA PPP loan	-	67,400
Net cash provided by financing activities	<u>-</u>	<u>67,400</u>
NET INCREASE (DECREASE) IN CASH	(1,919)	251,358
CASH – Beginning of year	<u>1,035,783</u>	<u>784,425</u>
CASH – End of year	<u>\$ 1,033,864</u>	<u>\$ 1,035,783</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, 2021
(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 the Network and Family Centers in Honolulu. 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 2021 and 2020).

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, 2020 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 \$741,500 and \$529,200 at December 31, 2021 and 2020, 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, 2021 and 2020), 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, 2021
(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 \$2,818 and \$6,450 for the years ended December 31, 2021 and 2020, respectively. The Organization records special events revenue equal to the fair value of direct benefits received by 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, 2021 and 2020. Revenue from other than performance obligations included proceeds from SBA PPP loan of \$0 and \$67,400 and interest income of \$23 and \$229 for the years ended December 31, 2021 and 2020, respectively.

Expenses, including advertising expenses of \$25,171 and \$5,242 for the years ended December 31, 2021 and 2020, 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, 2021
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants

The Organization's revenue from grants is primarily 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 2021 and 2020) 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 \$624,500 that have not been recognized as of December 31, 2021 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, 2021.

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 years ended December 31, 2021 and 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, 2021
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Rent, Goods, and Services

In-kind contributions of rent (\$0 and \$57,805 for the years ended December 31, 2021 and 2020, respectively), goods (\$0 and \$15,865, for the years ended December 31, 2021 and 2020, respectively), services (\$0 and \$17,186 for the years ended December 31, 2021 and 2020, respectively), and special event in-kind contributions (\$2,100 and \$33,131 for the years ended December 31, 2021 and 2020, 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 \$731 and \$444 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended December 31, 2021
(With Prior Year Comparative Information)**

NOTE B – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization’s policy is to maintain cash balances to provide for its general expenditures, liabilities, and other obligations as they come due. The grants and other receivables are subject to implied time restrictions, but are expected to be collected within one year.

At December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Cash (including interest-bearing accounts)	\$1,033,864	\$1,035,783
Grants and other receivables – net	<u>538,983</u>	<u>414,949</u>
Total financial assets	1,572,847	1,450,732
Net assets with donor restrictions	<u>(37,863)</u>	<u>(101,218)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,534,984</u>	<u>\$1,349,514</u>

NOTE C – PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$105,500	\$105,500
Furniture and fixtures	78,992	78,993
Vehicles	38,769	68,305
Software	<u>24,474</u>	<u>24,474</u>
Total	247,735	277,272
Accumulated depreciation	<u>(240,890)</u>	<u>(264,588)</u>
Property and equipment – net	<u>\$ 6,845</u>	<u>\$ 12,684</u>

NOTE D – 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.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended December 31, 2021
(With Prior Year Comparative Information)**

NOTE D – SBA PPP LOAN (Continued)

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. During 2021, that decision was confirmed by the SBA’s forgiveness in full of the SBA PPP loan in August 2021.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>2021</u>	<u>2020</u>
Emergency shelter activities	\$32,366	\$ 10,450
Volunteer support	3,462	3,212
Client rental assistance	1,699	86,526
Other donor restricted net assets	292	369
Computer and other equipment	<u>44</u>	<u>661</u>
 Total net assets with donor restrictions	 <u>\$37,863</u>	 <u>\$101,218</u>

NOTE F – SPECIAL EVENTS

For the years ended December 31, 2021 and 2020, special events consisted of the following:

	<u>2021</u>	<u>2020</u>
Revenue from special events		
Ticket Sales	\$ 2,818	\$ 6,450
In-kind contributions	2,100	33,131
Monetary contributions	<u>23,781</u>	<u>39,894</u>
Total revenue from special events	28,699	79,475
Direct costs	<u>(2,832)</u>	<u>(33,575)</u>
 Special events – net	 <u>\$25,867</u>	 <u>\$45,900</u>

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2021
(With Prior Year Comparative Information)

NOTE G – LEASES

The Organization leases office and program facilities in Honolulu for approximately \$8,400 per month, under an operating lease that expires in December 2022. Lease rent expense for the years ended December 31, 2021 and 2020, including common area maintenance costs and taxes, amounted to \$97,214 and \$118,798, respectively.

The Organization also has an operating lease for office equipment for approximately \$100 per month that expires in December 2026. For the years ended December 31, 2021 and 2020, rent expense amounted to \$1,126.

At December 31, 2021, scheduled future minimum lease payments approximated the following:

Years Ending December 31st	
2022	\$ 100,400
2023	\$ 1,200
2024	\$ 1,200
2025	\$ 1,200
2026	\$ 1,100

Several church organizations in Honolulu and Kailua, Oahu provided overnight shelter for approximately one week per calendar quarter to homeless families who are participants in the Organization's programs during the year ending December 31, 2020. During 2021, church organizations did not provide overnight shelter space due to concerns with the ongoing COVID-19 pandemic. The estimated fair value of the facilities provided was recognized as in-kind contributions and as donated facilities expense. The estimated fair value of the donated facilities for the year ended December 31, 2020 amounted to \$57,805.

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 \$13,679 and \$9,900 for the years ended December 31, 2021 and 2020, 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.

FAMILY PROMISE OF HAWAII

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**As of and for the Year Ended December 31, 2021
(With Prior Year Comparative Information)**

NOTE I – CONTINGENCIES (Continued)

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 and Russia-Ukraine conflict) 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.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 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.

FAMILY PROMISE OF HAWAII

SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2021

FAMILY PROMISE OF HAWAII

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub- recipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through City and County of Honolulu				
COVID-19 Emergency Solutions Grants Program	14.231 *	CT-DCS-2000121	\$ 507,372 *	\$ -
Emergency Solutions Grants Program	14.231 *	CT-DCS-2000104	121,870 *	-
Emergency Solutions Grants Program	14.231 *	CT-DCS-2000180	65,454 *	-
Emergency Solutions Grants Program	14.231 *	CT-DCS-2000179	<u>42,387 *</u>	<u>-</u>
Total passed through City and County of Honolulu			<u>737,083</u>	<u>-</u>
Passed through Partners in Care – Oahu Continuum of Care				
COVID-19 Emergency Solutions Grants Program	14.231 *	N/A	<u>345,603 *</u>	<u>-</u>
Total Emergency Solutions Grants Program	14.231 *		<u>1,082,686 *</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>1,082,686</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
Passed through State of Hawaii Crime Prevention and Justice Assistance Division				
Crime Victim Assistance	16.575	19-V2-12	<u>213,895</u>	<u>-</u>
Total U.S. Department of Justice			<u>213,895</u>	<u>-</u>

(Continued)

FAMILY PROMISE OF HAWAII

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended December 31, 2021

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub-recipients</u>
<u>U.S. Department of Homeland Security FEMA</u>				
Passed through Aloha United Way COVID-19 Emergency Food and Shelter Program	97.024	210600-037	\$ 5,250	\$ -
Emergency Food and Shelter Program	97.024	210600-037	<u>28,017</u>	<u>-</u>
Total Emergency Food and Shelter Program	97.024		<u>33,267</u>	<u>-</u>
Total U.S. Department of Homeland Security FEMA			<u>33,267</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,329,848</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, 2021

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

**REPORTS IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

For the Year Ended December 31, 2021

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND REPORT 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, 2021, 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 September 29, 2022.

Report on 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 Organization’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 or significant deficiencies may exist that were not identified.

Report on 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 Organization'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 Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

CW ASSOCIATES, CPAs

CW Associates, CPAs
Honolulu, Hawaii
September 29, 2022

FAMILY PROMISE OF HAWAII
REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE
For the Year Ended December 31, 2021



**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 the Major Federal Program

Opinion on the Major Federal Program

We have audited Family Promise of Hawaii's (Organization), a nonprofit Hawaii corporation, compliance with the types of compliance requirements identified as subject to audit 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, 2021. 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.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Report on Internal Control over Compliance (Continued)

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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CW Associates, CPAs
Honolulu, Hawaii
September 29, 2022

FAMILY PROMISE OF HAWAII
FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

FAMILY PROMISE OF HAWAII

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2021

SUMMARY OF AUDITOR’S RESULTS

Financial statements

Type of auditor's report on the financial statements	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
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

Federal awards

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
Type of auditor's report on compliance for 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. 14.231 Emergency Solutions Grants Program		
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 qualify as a low-risk auditee as a single audit was not required for the year ended December 31, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT

No matters were reported.

FINDINGS – FEDERAL AWARDS

No matters were reported.