

FAMILY PROMISE OF GREATER ROCHESTER, INC.

FINANCIAL STATEMENTS

December 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Promise of Greater Rochester, Inc.
Rochester, NY

Opinion

We have audited the accompanying financial statements of Family Promise of Greater Rochester, Inc. (a New York nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Family Promise of Greater Rochester, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Promise of Greater Rochester, Inc. 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.

Change in Accounting Principle

As discussed in Note 10 to the financial statements, Family Promise of Greater Rochester, Inc. changed its method of accounting from the modified cash basis of accounting to the accrual basis of accounting in 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

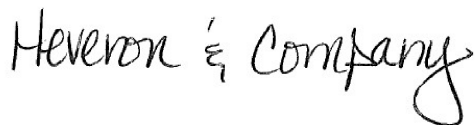
Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Promise of Greater Rochester, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Promise of Greater Rochester, Inc.'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.



Heveron & Company
Certified Public Accountants

Rochester, New York
April 17, 2023

FAMILY PROMISE OF GREATER ROCHESTER, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 631,565
Pledges Receivable	58,346
Grants and Contributions Receivable	<u>49,136</u>
Total Current Assets	<u>739,047</u>

Property and Equipment

Leasehold Improvements	27,800
Furniture and Equipment	13,308
Less: Accumulated Depreciation	<u>(18,341)</u>
Net Property and Equipment	<u>22,767</u>

Other Assets

Pledges Receivables - Long Term	47,900
Investments	189,593
Restricted Cash	<u>28,500</u>
Total Other Assets	<u>265,993</u>

TOTAL ASSETS \$ 1,027,807

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ <u>10,650</u>
Total Liabilities	<u>10,650</u>

Net Assets

Without Donor Restrictions:

Undesignated	643,298
Designated by the Board	<u>38,721</u>
Total Net Assets Without Donor Restrictions	<u>682,019</u>

With Donor Restrictions:

Purpose and Time Restrictions	59,366
Perpetual in Nature	<u>275,772</u>
Total Net Assets With Donor Restrictions	<u>335,138</u>

Total Net Assets	<u>1,017,157</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,027,807</u>
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See Accompanying Notes to Financial Statements.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Totals</u>
<u>Support and Revenue</u>			
Contributions	\$ 431,340	\$ 215,903	\$ 647,243
Grants	442,509	15,063	457,572
Net Investment Returns	<u>(4,202)</u>	<u>(22,028)</u>	<u>(26,230)</u>
Total Support and Revenue	<u>869,647</u>	<u>208,938</u>	<u>1,078,585</u>
<u>Expenses</u>			
Program Expenses	793,307	-	793,307
Supporting Services:			
Management and General	52,698	-	52,698
Fund Raising	<u>49,019</u>	<u>-</u>	<u>49,019</u>
Total Expenses	<u>895,024</u>	<u>-</u>	<u>895,024</u>
Change in Net Assets	(25,377)	208,938	183,561
Net Assets - Beginning of Year	629,830	126,200	756,030
Change in Accounting Principle	<u>77,566</u>	<u>-</u>	<u>77,566</u>
Net Assets - End of Year	<u>\$ 682,019</u>	<u>\$ 335,138</u>	<u>\$ 1,017,157</u>

See Accompanying Notes to Financial Statements.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2022

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	<u>Totals</u>
Salaries and Wages	\$ 204,860	\$ 31,428	\$ 41,901	\$ 278,189
Payroll Taxes and Benefits	<u>16,757</u>	<u>2,571</u>	<u>3,427</u>	<u>22,755</u>
Total Payroll Expenses	221,617	33,999	45,328	300,944
Emergency Needs	526,085	-	-	526,085
Occupancy	24,412	-	-	24,412
Professional Fees	-	13,591	-	13,591
Dues and Memberships	6,000	-	-	6,000
Office Expense	1,285	2,860	46	4,191
Education	3,978	-	-	3,978
Fund Raising Expense	-	-	2,643	2,643
Telephone	2,089	-	-	2,089
Other Expenses	659	309	1,002	1,970
Repairs and Maintenance	1,892	-	-	1,892
Insurance	-	1,864	-	1,864
Information Technology	1,673	75	-	1,748
Depreciation	1,683	-	-	1,683
Postage and Printing	1,255	-	-	1,255
Travel	<u>679</u>	<u>-</u>	<u>-</u>	<u>679</u>
Total Expenses	<u>\$ 793,307</u>	<u>\$ 52,698</u>	<u>\$ 49,019</u>	<u>\$ 895,024</u>

See Accompanying Notes to Financial Statements.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
STATEMENT OF CASH FLOW
For The Year Ended December 31, 2022

Cash Flow From Operating Activities

Change in Net Assets	\$ 183,561
Contributions Restricted for Long-Term Purposes	(195,800)
Noncash Expenses, Revenues, Losses and Gains:	
Depreciation	1,683
Net Realized/Unrealized (Gain)/Loss on Investment	27,954
Decrease/(Increase) In:	
Pledges Receivable	(95,951)
Grants and Contribution Receivable	27,296
Increase/(Decrease) In:	
Accounts Payable and Accrued Expenses	<u>1,489</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>(49,768)</u>

Cash Flow From Investing Activities

Purchase of Property and Equipment	(11,716)
Proceeds from Sale of Investments	1,311
Purchase of Investments	<u>(88,936)</u>
Cash Flow Provided/(Used) By Investing Activities	<u>(99,341)</u>

Cash Flow From Financing Activities

Investment in Permanent Endowment	70,900
Contributions Restricted for Long-Term Purposes	<u>124,900</u>
Cash Flow Provided/(Used) By Financing Activities	<u>195,800</u>

Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash	46,691
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>613,374</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 660,065</u>

See Accompanying Notes to Financial Statements.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Family Promise of Greater Rochester, Inc. (the Organization) is a not-for-profit organization formed in 2004 in Rochester, New York. The Organization is an interfaith, culturally-competent organization of faith communities that assist homeless families to achieve sustainable independence by supporting them with tailored services including shelter, food, personalized case management, and a diverse network of caring volunteers. The Organization obtains its support from individuals, organizations, and government agencies.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. In the case of endowment earnings, those restrictions are released when formally appropriated by the governing body.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible, after collection efforts have been completed, are written off. In addition, management evaluates the need for and, if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at December 31, 2022.

Pledges Receivable

Pledges receivable represent amounts due the Organization under the terms of unconditional promises to give. Payments to be received after December 31, 2023 are adjusted to their estimated net present value when deemed material.

Pledges receivable consisted of the following at December 31, 2022:

Less than one year	\$ 58,346
One to five years	<u>47,900</u>
Total	<u>\$ 106,246</u>

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, 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.

Income Taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the Organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes property and equipment with a cost of over \$2,000 and an estimated life of more than one year.

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, as follows:

	<u>Years</u>
Leasehold Improvements	Lesser of 10-20 years or lease term
Furniture and Equipment	5

Depreciation expense amounted to \$1,683 for the year ended December 31, 2022.

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash, cash equivalents, and restricted cash.

Cash, cash equivalents, and restricted cash consisted of the following at December 31, 2022:

Cash and Cash Equivalents - Checking	\$ 631,565
Restricted Cash Held for Endowment	<u>28,500</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 660,065</u>

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fund raising categories.

Expenses are allocated to program and supporting services on the following bases:

- (a) Management and general expenses are costs not directly related to the Organization's purpose and include those costs for oversight, management, general recordkeeping, budgeting, soliciting grants and payroll functions.
- (b) Personnel expenses are allocated on the basis of direct salaries.
- (c) Building and occupancy costs are allocated on the basis of space used.
- (d) Depreciation is allocated on the basis of usage of the related assets.

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either sold or utilized during the period, the Organization's policy about selling rather than utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the year ended December 31, 2022, the Organization adopted ASU 2020-07 for its contributed nonfinancial assets. The Organization received no contributed nonfinancial assets during the year ended December 31, 2022.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During 2022 the Organization adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. This required recognition had no current impact to the Organization's statement of financial position.

NOTE 2 - DONATED SERVICES AND GOODS

The Organization receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under the modified cash basis of accounting. Donors contribute their time to both the administrative and program activities of the Organization. Donors also regularly contribute certain supplies for day care center guests that are not recorded as revenue or expenses in these financial statements. During 2022, approximately 110 active volunteers provided 1,800 hours of service.

NOTE 3 - LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities to be general expenditures.

The following financial assets will be available for general expenditures within one year of the statement of financial position date at December 31, 2022:

Cash and Cash Equivalents	\$ 631,565
Pledges Receivable	58,346
Grants and Contributions Receivable	49,136
Investments	189,593
Less: Donor Restrictions	(287,238)
Less: Board Designations	(38,721)
	<u>\$ 602,681</u>

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY (Continued)

Although the Organization does not intend to spend from their board-designated endowment these amounts could be made available if necessary.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury instruments.

NOTE 4 - COMMITMENTS

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its immaterial or short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Rent expense for the year ended December 31, 2022 totaled \$56,664. There was \$39,264 included in emergency needs expenses for the year ended December 31, 2022.

Future minimum lease payment commitments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 38,150
2024	4,300

In August 2022, the Organization signed a Purchase and Sale Agreement for the building that it currently leases for office space and programming. The agreement included contingencies before the building purchase would be final. The building was purchased for \$225,000 in March 2023.

NOTE 5 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 5 - INVESTMENTS (Continued)

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investments are held in investment funds managed by professional investment advisors. A summary of investments at market value at December 31, 2022 are as follows:

Equity Exchange Traded Products	\$ 172,846
Mutual Funds	<u>16,747</u>
Total Investments	<u><u>\$ 189,593</u></u>

All of the investments are based on level 1 inputs in the hierarchy as described in Note 1.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022:

Subject to expenditure for specified purpose:

Prevention, Diversion, and Re-Housing Program	\$ 49,520
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Subject to the passage of time:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	9,846
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Endowments:

Perpetual in Nature	<u>275,772</u>
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Total Net Assets with Donor Restrictions	<u><u>\$ 335,138</u></u>
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NOTE 7 - ENDOWMENT

The Organization's endowment consists of one individual fund established to support the prevention, diversion, and re-housing program. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 7 - ENDOWMENT (Continued)

Interpretation of Relevant Law

The Organization has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, the original value of gifts donated to the perpetual endowment, the original value of subsequent gifts to the perpetual endowment, and accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization (7) where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization, and (8) the Organization's investment policies.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Organization has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022, funds with the original gift value of \$172,900, fair value of \$150,872, and deficiency of \$22,028, were reported in net assets with donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies approved by the Board of Directors for endowment assets that attempt to provide a predictable stream of funding for programs supported by these investments, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income, as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes a combination of cash, common stock, and fixed income investments that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution when needed, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return sufficient for this distribution, and also to provide for the long-term growth of the principal of the invested funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund, investment assets, and allocation between asset classes, and strategies are managed to not expose the fund to unacceptable levels of risk.

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 7 - ENDOWMENT (Continued)

Spending Policy

The earnings on the endowment are to be used to support the Organization's program as necessary. Earnings include interest, dividends, and realized and unrealized gains, net of investment fees. The Organization shall distribute no more than 5 percent per year of the total market value of the assets, as determined by the average total market value on the last business day of each of the four immediately preceding calendar quarters. If less than 5 percent is distributed in one year, the Organization may distribute more than 5 percent in a subsequent year, as long as the distributions do not exceed 4 percent on a cumulative basis.

Endowment net asset composition by type of fund as of December 31, 2022:

	<u>With Donor Restrictions</u>
Donor-restricted endowment fund:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 172,900
Accumulated investment gains/(losses)	<u>(22,028)</u>
Total Endowment Net Assets	<u>\$ 150,872</u>

Changes in endowment net assets as of December 31, 2022 are as follows:

	<u>With Donor Restrictions</u>
Endowment Net Assets	
- Beginning of Year	\$ 97,000
Investment Income	2,262
Net Investment Returns	(24,290)
Contributions/Deposits	<u>75,900</u>
Endowment Net Assets - End of Year	150,872
Pledges Receivable and Restricted Cash for Endowment	<u>124,900</u>
Reconciled Endowment Net Assets Including Pledges Receivable	<u>\$ 275,772</u>

FAMILY PROMISE OF GREATER ROCHESTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 8 - BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated net assets in excess of six months worth of operating expenditures.

The changes in net assets of the board designated fund consist of the following for the years ended December 31, 2022:

Beginning Balance	\$ 32,923
Contributions	10,000
Net Investment Return	<u>(4,202)</u>
Ending Balance	<u>\$ 38,721</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, \$25,478 was donated by board members.

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLE

During 2022, the Organization changed its method of accounting from the the modified cash basis of accounting to the accrual basis of accounting. The Organization believes the accrual basis of accounting provides a more meaningful presentation of its financial position since this method reflects the actual revenue earned and actual expenses incurred during the year. The effect of the change on income was an overall increase of \$69,110. The cumulative effect on prior years of the change in accounting method was charged to the 2021 change in net assets. The effect of the change was to increase net assets by \$77,566.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 17, 2023, which is the date the statements were available for issuance.