

Elijah's Promise, Inc.
Financial Statements For The Year
Ended June 30, 2017, and
Independent Auditors' Report

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 organization'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 organization'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Elijah's Promise, Inc.** as of June 30, 2017, and the changes in its net assets and its cash flows for the year that ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the **Elijah's Promise, Inc.** 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Ditmars, Perazza & Co.

Elijah's Promise, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017
(With Summarized Totals for 2016)

	Program Services	Supporting Services		2017 Totals	2016 Totals
		Management & General	Fund Raising		
	\$			\$	\$
Food purchases	227,440			227,440	327,896
Personnel expense	960,955	113,054	\$ 56,526	1,130,535	1,233,369
Pension benefits	7,109	836	418	8,363	8,908
Payroll taxes	88,279	10,386	5,193	103,858	127,645
Health care benefits	109,568	12,890	6,445	128,903	94,134
Vendor consignment	174			174	7,432
Occupancy expense	68,988	1,408		70,396	105,350
Accounting and audit		20,070		20,070	21,190
Insurance	62,522	11,033		73,555	90,957
Interest	7,969	2,656		10,625	4,705
Supplies	66,338	11,707		78,045	74,932
Payroll processing		4,768		4,768	5,173
Postage		2,571	2,570	5,141	5,016
Other program expenses	2,336			2,336	1,699
Telephone	10,119	4,048	6,071	20,238	22,220
Repairs and maintenance	41,826	4,647		46,473	41,427
Depreciation	72,653	5,468		78,121	88,266
Dues and fees	2,974	7,280		10,254	15,426
Utilities	50,577	5,950	2,975	59,502	74,861
Professional services	52,030			52,030	25,516
Training materials	2,444			2,444	9,597
Travel	7,545			7,545	10,783
Snow and garbage removal	13,538	1,504		15,042	15,977
Special events expenses			29,572	29,572	29,797
Gift Cards		4,350		4,350	-
Better World Market sale				-	10,772
Total Expenses	\$ 1,855,384	\$ 224,626	\$ 109,770	\$ 2,189,780	\$ 2,453,048

The accompanying footnotes are an integral part of the financial statements.

Elijah's Promise Inc.
Statement of Cash Flows - Indirect Method
For the Year Ended June 30, 2017

Cash Flows from Operating Activities:

Change in net assets	\$	74,824
Add - depreciation		78,121
Increase in prepaid expenses		11,404
Decrease in grants and other receivables		80,990
Decrease in accounts payable and accrued expenses		13,383
Increase in refundable advances		(1,979)
Total Cash Flows From Operating Activities		256,743

Cash Flows from Financing Activities:

Loan proceeds		-
Loan principal payments		(43,187)
Total Cash Flow Used in Financing Activities		(43,187)

Cash Flows from Investing Activities:

Property additions		(39,825)
Total Cash Flow Used in Investing Activities		(39,825)

CHANGE IN CASH BALANCES 173,731

CASH AND CASH EQUIVALENTS, BEGINNING 304,338

CASH AND CASH EQUIVALENTS, ENDING \$ 478,069

SUPPLEMENTAL INFORMATION:

Rent paid	\$	64,340
Interest paid		10,625

The accompanying footnotes are an integral part of the financial statements.

Elijah's Promise, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2017

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of Elijah's Promise, Inc., a New Jersey not-for-profit corporation.

Organization

Elijah's Promise is dedicated to helping people by providing food and social services for the homeless and impoverished people in New Brunswick and the surrounding environments. The organization is exempt from federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code and similar state provisions.

The general purpose of Elijah's Promise is to **Empower Lives, Invite Justice and Alleviate Hunger**. This is accomplished by providing nutritious meals to alleviate hunger, training, education and social services to empower lives and opportunities for community service and advocacy to invite justice.

Elijah's Promise operates the following programs:

- Community Soup Kitchen
- Promise Culinary School
- Promise Catering
- Community Gardens
- Community Supported Agriculture

Basis of Accounting

The financial statements of Elijah's Promise are presented on the accrual basis of accounting.

Adoption of the FASB Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Codification ("ASC") effective for financial statements issued for interim and annual periods ending after September 15, 2009. The ASC is an aggregation of previously issued authoritative accounting principles generally accepted in the United States of America ("GAAP") in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates (ASU). The ASC did not have an effect on Elijah's Promise results of operations or financial condition.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under these standards, Elijah's Promise is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Elijah's Promise is required to present a statement of cash flows. Elijah's Promise does not have any permanently restricted net assets. As such, this class is not utilized.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Contributions

Elijah's Promise accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board. In accordance with these standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature or any donor restrictions.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line basis (3 to 39 years).

Donated Services

Numerous volunteers have donated significant amounts of time to Elijah's Promise's program and supporting services. In accordance with generally accepted accounting principles, no amounts have been reflected in the financial statements relating to those donated services.

Income Taxes

Income taxes are not provided for in the financial statements since Elijah's Promise is exempt from federal and state income taxes. Elijah's Promise is not classified as a private foundation.

In June 2006 the Financial Accounting Standards Board issued FIN 48, Accounting for Uncertainty in Income Taxes, which prescribes how an entity should measure, recognize, present and disclose in its financial statements tax positions that an organization has taken or expects to take on its information returns. FIN 48 is effective for years beginning after December 31, 2008 for nonpublic entities.

Elijah's Promise regularly reviews and evaluates its tax positions taken in previously filed information returns with regard to issues affecting its tax exempt status, unrelated business income and related matters. Based on Elijah Promise's evaluation of their positions relating to any relevant matters no tax benefits or liabilities are required to be recognized in accordance with FIN 48.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents represent deposits in checking and money market accounts.

Refundable Advances

Elijah's Promise records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue.

Program Income

Program income is primarily received from the catering and the job training programs..

Subsequent Events

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establish principles setting forth the period after the balance sheet date during which management shall evaluate

events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, the Organization has evaluated subsequent events through December 21, 2017.

Fair Value Measurements

Elijah’s Promise has adopted the Financial Accounting Standards Board’s standards that applies to all assets and liabilities that are being measured and reported on a fair value basis. Under the standards new disclosures are required that establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. The standards enable the reader of the financial statements to access the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

The standards require that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

1. Level 1: Quoted market prices in active markets for identical assets or liabilities
2. Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
3. Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, Elijah’s Promise performs a detailed analysis of the assets and liabilities that are subject to the Standards.

The carrying amounts of financial instruments including cash and cash equivalents, receivables, prepaid and payables approximates fair value due to the short maturity of these instruments.

2. Property & Equipment and Loans’ Payable

Property and equipment consists of the following:

Capital improvements -	\$ 338,192
Vans	74,127
Equipment	341,953
Building - 211 Livingston Ave.	<u>1,992,516</u> (a)
Total	2,746,788
Accumulated depreciation	<u>(1,105,603)</u>
Net Property and Equipment	<u>\$ 1,641,185</u>

(a) During a prior year, Elijah’s Promise commenced using their property at 211 Livingston Avenue, New Brunswick, NJ that was purchased and renovated. The building houses the Training Programs, Catering Operation and Administrative Offices. The total purchase price was \$450,000. Financing for the purchase came from a short term “bridge loan” obtained from TD Bank North in the amount of \$ 400,000. The loan was due September 5, 2003 and included interest at the rate of 5.0%. Permanent financing was

obtained in 2005 from the Bank under a loan program guaranteed by the New Jersey Economic Development Authority. The amount of the financing totaled \$ 735,356. The proceeds were used to payoff the bridge loan and to provide funds to renovate the property and to purchase equipment. The loans are payable over a period of 10 and 20 years at a rate of 3.75 % and 6.5 %. Future minimum principal payments under the loans are as follows:

June 30, 2018	\$ 44,440
June 30, 2019	46,436
June 30, 2020	48,523
June 30, 2021	37,938
June 30, 2022	40,233

3. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated amount the programs and supporting services benefited.

4. Pension Plan

Elijah’s Promise participates in a Simple IRA plan whereby eligible employees contribute, up to the limit allowed by the IRS, to their own account under the plan. Elijah’s Promise contributes 2% of the salary of all eligible employees whether or not they make contributions to the plan. The cost to Elijah’s Promise for the year ended June 30, 2017 amounted to \$ 8,363.

5. Lease Agreement

Elijah’s Promise leases space at 18 Neilson Street in New Brunswick for the operation of their Community Soup Kitchen. The monthly lease payments beginning on June 1, 2017 amount to \$ 5,364 through May 2018. The future minimum rent payments for the year ended June 30, 2018 amounts to \$ 64,368.

6. Temporarily Restricted Net Assets

The temporarily restricted net assets, in the amount of \$ 75,000, were available for use in the “Food Changes Lives Center in the Esperanza Neighborhood Project”. The funds were released during the year ended June 30, 2017.