

PLACE OF PROMISE, INC.

(A Non-Profit Corporation)

ANNUAL FINANCIAL STATEMENTS

(REVIEW)

JUNE 30, 2023

PLACE OF PROMISE, INC.  
LOWELL, MASSACHUSETTS  
(A Non-Profit Corporation)

C O N T E N T S

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

# Brent Richardson, CPA

21 Franklin Street • Quincy, MA 02169

(617) 773-5875 • Fax (617) 773-7898

To the Board of Directors of  
Place of Promise, Inc.  
Lowell, Massachusetts

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

I have reviewed the accompanying financial statements of Place of Promise, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Place of Promise, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

### **Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Brent Richardson, CPA

Quincy, Massachusetts

December 13, 2023

PLACE OF PROMISE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

CURRENT ASSETS:

Cash - Operations & Restricted	\$ 1,028,763
Cash - Held in Trust (Note 7)	3,448
Total Cash and Cash Equivalents and Restricted Cash	<u>1,032,211</u>
Loan Receivable (Note 4)	2,700
Prepaid expenses	6,597
Total Current Assets	<u>1,041,508</u>

PROPERTY AND EQUIPMENT (Note 2 & 5):

Land	147,000
Buildings	578,315
Building Improvements	228,539
Automobiles	20,648
	<u>974,502</u>
Less - Accumulated Depreciation	(409,599)
Net Property and Equipment	<u>564,903</u>

TOTAL ASSETS \$ 1,606,411

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 5,872
Accrued Expenses	4,800
Deposits Held in Trust (Note 7)	3,448
Total Current Liabilities	<u>14,120</u>
 Total Liabilities	 <u>14,120</u>

NET ASSETS (Note 2 & 9):

Without Donor Restrictions	1,591,457
With Donor Restrictions	834
Total Net Assets	<u>1,592,291</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,606,411

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

PLACE OF PROMISE, INC.  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND GAINS (Note 2):			
Contributions	\$ 361,226	\$ 69,270	\$ 430,496
Program Fees	62,439		62,439
Investment Income	865		865
Realized Gain on Sale of Vehicle	1,000		1,000
Total Revenues and Gains	425,530	69,270	494,800
Net Assets released from restriction:			
Restrictions satisfied by payments (Note 9)	71,784	(71,784)	0
Total Revenue, Gains, and Other Support	497,314	(2,514)	494,800
EXPENSES:			
Program	305,607		305,607
General and Administrative	64,518		64,518
Fundraising	15,882		15,882
Total Expenses	386,007		386,007
CHANGE IN NET ASSETS	111,307	(2,514)	108,793
NET ASSETS - BEGINNING OF YEAR	1,480,150	3,348	1,483,498
NET ASSETS - END OF YEAR	\$ 1,591,457	\$ 834	\$ 1,592,291

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

PLACE OF PROMISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	<u>PROGRAM</u>	<u>GENERAL &amp; ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTALS</u>
Salaries & Wages	\$ 174,431	\$ 46,030	\$ 0	\$ 220,461
Employee Benefits	6,041	0	0	6,041
Payroll Taxes	12,613	3,899	0	16,512
Food & Supplies	1,699	0	0	1,699
Other Program Expenses	11,356	0	0	11,356
Auto Expense	3,396	177	0	3,573
Depreciation	31,720	0	0	31,720
Insurance	17,686	2,436	0	20,122
Education/Training	860	0	0	860
Repairs & Maintenance	8,828	0	0	8,828
Utilities	32,094	0	0	32,094
Telephone	4,883	257	0	5,140
Other Administrative	0	6,919	0	6,919
Professional Services	0	4,800	0	4,800
Newsletter & Printing	<u>0</u>	<u>0</u>	<u>15,882</u>	<u>15,882</u>
	<u>\$ 305,607</u>	<u>\$ 64,518</u>	<u>\$ 15,882</u>	<u>\$ 386,007</u>

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

PLACE OF PROMISE, INC.  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2023

Increase (Decrease) in Cash & Cash Equivalents	
Cash Flows from Operating Activities:	
Change in Net Assets	\$ 108,793
Adjustments needed to reconcile net cash flows:	
Non-Cash Items Related to Operations Included in Net Assets:	
Depreciation	31,720
Changes in current assets and liabilities:	
Change in Prepaid Expenses	(168)
Change in Accounts Payable & Accrued Expenses	(945)
Change in Deposits Held in Trust	<u>(1,030)</u>
Net Cash Provided by Operating Activities	138,370
Cash Flows from Investing Activities:	
Loan Repayment from Employee	<u>600</u>
Net Cash Provided by Operating Activities	<u>600</u>
Net Change in Cash	138,970
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	<u>893,241</u>
Cash and Cash Equivalents and Restricted Cash - End of Year	<u><u>\$ 1,032,211</u></u>

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

PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2023

**1. Organization and Nature of Activities**

Place of Promise, Inc. (the Organization) was formed for the purpose of providing integrated, supportive services, in community, addressing physical, emotional, and relational needs of the people of greater Boston, with the goal of encouraging each individual to reach his or her fullest potential in Christ. The purpose is fulfilled by operating and maintaining Christ-centered family-style residences, by mentoring and mentor training. Through these programs people receive guidance and assistance for having needs met. The Organization's primary source of support is contributions from individuals and churches.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**B. Property, Plant and Equipment**

The Organization follows a policy of capitalizing, at cost, all expenditures for fixed assets in excess of \$500 having an estimated useful life greater than two years. Property, plant and equipment is recorded at cost and depreciated on a straight-line basis over their estimated useful lives of three to thirty years. Depreciation for the year ended June 30, 2023 was \$31,720.

**C. Accounting for Investments**

The Organization follows ASC 958-320 for investments in debt and equity securities with readily determinable fair values which are measured at fair value upon acquisition if contributed or at cost if purchased. Gains, losses, dividends, interest, and other related income from these securities are reported in investment income in the Statement of Activities. Securities received from donors have historically been held only for short term investment.

**D. Cash and Cash Equivalents**

For financial statement purposes, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

**E. Income Taxes**

The Corporation qualifies as a tax-exempt organization other than a private foundation under section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the financial statements. The Corporation has no uncertain tax positions during the year ended June 30, 2023. In addition, tax returns for years ended prior to June 30, 2020 are no longer subject to review by the Internal Revenue Service.

**F. Contributions**

The primary source of revenue is donations from individuals, churches, and other supporters. In accordance with ASC 958, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Contributions that have donor designated restrictions are classified as with donor restrictions until they are disbursed for the intended purpose.



PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2023

**2. Summary of Significant Accounting Policies – (Continued)**

**G. Functional Allocation of Expenses**

Expenses are charged directly to Program or Support in general categories based on specific identification. Certain employee benefits and payroll taxes have been allocated based on salary expenditures.

**H. Financial Statement Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets the governing board has designated, from net assets without donor restrictions, for an operating or other board-designated purpose.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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.

**I. Fair Value Measurements**

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. All measurements of fair value during the fiscal year and as of June 30, 2023 used Level 1 inputs.

The primary uses of fair value measures in the organization's financial statements are the initial measurement of noncash gifts, including gifts of investment assets, and the recurring measurement of short-term investments.

**J. Revenue Recognition**

Revenue for program fees is recognized when services have been rendered.

PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2023

**2. Summary of Significant Accounting Policies – (Continued)**

**K. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,028,763
Less: Restricted Cash	( 834)
Available for Operations	\$ 1,027,929

**4. Loan Receivable – Employee**

In October, 2014 the Organization provided an interest-free loan to a long-time employee. The remaining loan balance of \$2,700 is deemed 100% collectible.

**5. Property and Equipment**

Property owned by the Organization includes four residential facilities in the greater Boston, MA area. Facilities are intended to provide integrated family-style residences.

**6. Investments – Marketable Equity Securities**

Investments are stated at fair value. Historically investments have consisted primarily of marketable equity securities, but none are held as of June 30, 2023. Investment income consisted of interest income of \$865, which is considered unrestricted. No equity securities were purchased or owned during the fiscal year, and none were donated.

**7. Cash Held in Trust for Residents**

During fiscal year June 2023, the Organization held certain cash balances for the benefit and convenience of the residents. The resident deposits were included in Cash but were not available for use in operations. The sum total of \$3,448 of resident deposits were being held in trust at the close of the fiscal year.

PLACE OF PROMISE, INC.

Notes to Financial Statements

June 30, 2023

**8. Equity Line of Credit**

In November, 2006 the Organization executed and established a \$40,000 equity line of credit from a local bank for working capital purposes. Required payments on the line of credit are interest only at prime plus one percent and secured by a second mortgage on one of the Lowell residential properties. There is no balance payable on the line of credit at June 30, 2023.

**9. Net Assets With Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors as follows:

Employee Support	\$ 17,838
Kids of Promise	19,870
Student Scholarships	766
Adult Residential Program	32,500
Resident Expenses	350
Block Party	250
Motor Vehicle	<u>210</u>
Net Assets released from Restrictions	\$ 71,784

Net assets with donor restrictions of \$834 are available for the following purposes:

Student Scholarships	\$ <u>834</u>
Donor Restricted Net Assets Available	\$ 834

**10. Concentrations**

The Organization maintains cash accounts with banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the course of the year, balances can exceed this amount. At June 30 2023, the Organization cash balances in excess of \$250,000 totaled \$315,555. Management has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Organization operates one type of program within one general area – the greater Lowell, MA.

**11. Subsequent Events**

The corporate management has reviewed subsequent events through December 13, 2023, the date the financial statements were available to be issued.