

**FAMILY PROMISE OF YELLOWSTONE VALLEY**  
**FINANCIAL REPORT**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors  
Family Promise of Yellowstone Valley**

We have reviewed the accompanying financial statements of Family Promise of Yellowstone Valley (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 company 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, we 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

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

**Based on our review, we are 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.**

*Mrachek Papp & Associates PC*

**Billings, MT  
November 8, 2022**

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>Current Assets:</b>		
Cash and equivalents	\$ 552,834	\$ 367,311
Accounts receivable, net of allowance for uncollectible accounts (\$0 and \$0 for 2021 and 2020, respectively)	2,500	
Certificates of deposit	201,512	139,274
Investments	<u>63,665</u>	<u>58,318</u>
<b>Total Current Assets</b>	<u>820,511</u>	<u>564,903</u>
<b>Restricted Assets:</b>		
Board restricted cash and cash equivalents	174,807	172,684
Tenant security deposits	1,286	785
Resident funds held in trust	<u>32,711</u>	<u>21,801</u>
<b>Total Restricted Assets</b>	<u>208,804</u>	<u>195,270</u>
<b>Property and Equipment:</b>		
Buildings	1,099,012	1,099,012
Leasehold improvements	33,149	33,149
Equipment and furniture	5,681	5,681
Vehicles	<u>38,394</u>	<u>38,394</u>
	1,176,236	1,176,236
Less – accumulated depreciation/amortization	<u>(276,948)</u>	<u>(238,796)</u>
<b>Total Net Property and Equipment</b>	<u>899,288</u>	<u>937,440</u>
<b>Other Assets:</b>		
Beneficial interest in assets held in trust	34,969	28,969
Investments	<u>18,816</u>	<u>17,532</u>
<b>Total Other Assets</b>	<u>53,785</u>	<u>46,501</u>
 <b>Total Assets</b>	 <u>\$ 1,982,388</u>	 <u>\$ 1,744,114</u>

Notes to Financial Statements are an integral part of these statements.

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

**LIABILITIES AND NET ASSETS**

	<u>2021</u>	<u>2020</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,986	\$ 7,126
Accrued expenses		
Payroll and payroll taxes	13,514	6,428
Refundable advance liability		47,645
Deferred revenue	<u>10,250</u>	<u>8,700</u>
<b>Total Current Liabilities</b>	<u>25,750</u>	<u>69,899</u>
<b>Other liabilities:</b>		
Transitional housing lien	465,000	465,000
Residents fund held in trust	32,712	21,801
Tenant security deposit	<u>1,285</u>	<u>785</u>
<b>Total Other Liabilities</b>	<u>498,997</u>	<u>487,586</u>
<b>Total Liabilities</b>	<u>524,747</u>	<u>557,485</u>
<b>Net Assets:</b>		
<b>Without Donor Restriction</b>		
Capital reserves	434,288	472,440
Designated by the governing board	63,665	58,318
Unrestricted	<u>583,591</u>	<u>434,735</u>
	1,081,544	965,493
<b>With Donor Restriction</b>		
Purpose restricted	<u>376,097</u>	<u>221,136</u>
<b>Total Net Assets</b>	<u>1,457,641</u>	<u>1,186,629</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,982,388</u>	<u>\$ 1,744,114</u>

Notes to Financial Statements are an integral part of these statements.

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Support and Other Revenue</b>			
Contributions	\$ 136,512	\$ 172,300	\$ 308,812
Foundations and grants	206,825		206,825
Investment income	7,785		7,785
Special events, net of expenses	113,241	4,545	117,786
Other revenues			
Net Assets Released from Restrictions	<u>21,884</u>	<u>(21,884)</u>	<u>---</u>
<b>Total Support</b>	<u>486,247</u>	<u>154,961</u>	<u>641,208</u>
<b>Revenue</b>			
Rental income	12,806		12,806
Tenant Charges	150		150
Miscellaneous	<u>1,651</u>		<u>1,651</u>
<b>Total Revenue</b>	<u>14,607</u>		<u>14,607</u>
<b>Total Support and Other Revenue</b>	<u>500,854</u>	<u>154,961</u>	<u>655,815</u>
<b>Expenses</b>			
Program services	338,250		338,250
Supporting services	26,338		26,338
Fundraising	<u>20,215</u>		<u>20,215</u>
<b>Total Expenses</b>	<u>384,803</u>	<u>---</u>	<u>384,803</u>
<b>Change in Net Assets</b>	116,051	154,961	271,012
<b>Net Assets, Beginning of Year</b>	<u>965,493</u>	<u>221,136</u>	<u>1,186,629</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,081,544</u>	<u>\$ 376,097</u>	<u>\$ 1,457,641</u>

Notes to Financial Statements are an integral part of these statements.

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>Support and Other Revenue</b>			
Contributions	\$ 198,405	\$ 72,531	\$ 270,936
Foundations and grants	179,060		179,060
Investment income	10,422		10,422
Special events, net of expenses	64,304		64,304
Other revenues	5,517		5,517
Net Assets Released from Restrictions	<u>23,108</u>	<u>(23,108)</u>	<u>---</u>
<b>Total Support</b>	<u>480,816</u>	<u>49,423</u>	<u>530,239</u>
<b>Revenue</b>			
Rental income	13,134		13,134
Tenant Charges	475		475
Miscellaneous	<u>3,756</u>		<u>3,756</u>
	17,365		17,365
<b>Total Revenue</b>	<u>17,365</u>		<u>17,365</u>
<b>Total Support and Other Revenue</b>	<u>498,181</u>	<u>49,423</u>	<u>547,604</u>
<b>Expenses</b>			
Program services	271,160		271,160
Supporting services	62,257		62,257
Fundraising	<u>54,124</u>		<u>54,124</u>
<b>Total Expenses</b>	<u>387,541</u>	<u>---</u>	<u>387,541</u>
<b>Change in Net Assets</b>	110,640	49,423	160,063
<b>Net Assets, Beginning of Year</b>	<u>854,853</u>	<u>171,713</u>	<u>1,026,566</u>
<b>Net Assets, End of Year</b>	<u>\$ 965,493</u>	<u>\$ 221,136</u>	<u>\$ 1,186,629</u>

Notes to Financial Statements are an integral part of these statements.



**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Admin</u>	<u>Fundraising</u>	
Bank and credit card fees	\$	\$ 2,494	\$ 2,007	\$ 4,501
Board expenses		103		103
Contract services			9,364	9,364
Dues	238	5,017		5,255
Employee benefits	4,813			4,813
Fees		887		887
Insurance	7,768	2,013		9,781
Marketing and partner outreach	77	2,052	192	2,321
Miscellaneous	2,954			2,954
Occupancy	7,530	1,189		8,719
Payroll salaries and wages	216,865			216,865
Payroll taxes	19,604			19,604
Postage and shipping	587		3,895	4,482
Printing and publication			1,979	1,979
Professional fees		8,200		8,200
Program expense	22,501			22,501
Repairs and maintenance	4,640			4,640
Supplies	4,515	2,500	2,778	9,793
Telephone	1,911	1,839		3,750
Travel – general	1,215	44		1,259
Travel – van	4,880			4,880
Volunteer training and recognition				
	<u>300,098</u>	<u>26,338</u>	<u>20,215</u>	<u>346,651</u>
Total expense before depreciation				
Depreciation	<u>38,152</u>			<u>38,152</u>
Total expenses	<u>\$ 338,250</u>	<u>\$ 26,338</u>	<u>\$ 20,215</u>	<u>\$ 384,803</u>

Notes to Financial Statements are an integral part of these statements.

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Admin</u>	<u>Fundraising</u>	
Bank and credit card fees	\$	\$ 1,757	\$	\$ 1,757
Board expenses				
Contract services	730			730
Dues	174	1,668	3,328	5,170
Employee benefits	2,943	1,548	1,562	6,053
Fees	1,552	4,105		5,657
Insurance	7,093	1,484	627	9,204
Marketing and partner outreach	368	428	59	855
Miscellaneous	632	307		939
Occupancy	13,801	127		13,928
Payroll salaries and wages	140,140	36,634	42,787	219,561
Payroll taxes	9,018	4,747	4,789	18,554
Postage and shipping	700		298	998
Printing and publication	1,478		630	2,108
Professional fees	204			204
Program expense	10,574			10,574
Repairs and maintenance	25,692	4,933		30,625
Supplies	6,290	886		7,176
Telephone	1,715	2,402		4,117
Travel – general	1,570	1,181	44	2,795
Travel – van	8,839			8,839
Volunteer training and recognition	<u>50</u>	<u>50</u>		<u>50</u>
<b>Total expense before depreciation</b>	<b>233,513</b>	<b>62,257</b>	<b>54,124</b>	<b>349,894</b>
<b>Depreciation</b>	<b><u>37,647</u></b>			<b><u>37,647</u></b>
<b>Total expenses</b>	<b><u>\$ 271,160</u></b>	<b><u>\$ 62,257</u></b>	<b><u>\$ 54,124</u></b>	<b><u>\$ 387,541</u></b>

Notes to Financial Statements are an integral part of these statements.

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 271,012	\$ 160,063
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	38,152	37,647
Forgiveness of debt – PPP loan	(47,645)	
Unrealized gains on investments	(3,609)	(3,057)
Realized gains on investments	(760)	
Change in assets and liabilities:		
Accounts receivables	(2,500)	
Beneficial interest in assets held in trust	(6,000)	(3,765)
Accounts payable	(5,140)	(1,990)
Refundable advance liability		47,645
Payroll and payroll taxes	7,086	(583)
Deferred revenue	<u>1,550</u>	<u>(4,300)</u>
 Net Cash and Cash Equivalents Provided by Operating Activities	 <u>252,146</u>	 <u>231,660</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificate of deposit	(62,238)	(2,366)
Purchase of investments	<u>(978)</u>	<u>(714)</u>
 Net Cash Provided by (Used in) Investing Activities	 <u>(63,216)</u>	 <u>(3,080)</u>
 Net Increase in Cash, Cash Equivalents, and Restricted cash	 188,930	 228,580
 Cash, Cash Equivalents, and Restricted Cash at Beginning of the Year	 <u>557,527</u>	 <u>328,947</u>
 Cash, Cash Equivalents, and Restricted Cash at End of the Year	 <u>\$ 746,457</u>	 <u>\$ 557,527</u>
 <b>On Statement of Financial Position as:</b>		
Cash and cash equivalents	\$ 552,834	\$ 367,311
Restricted cash	174,807	172,684
Operating and reserve accounts	<u>18,816</u>	<u>17,532</u>
	 <u>\$ 746,457</u>	 <u>\$ 557,527</u>

Notes to Financial Statements are an integral part of these statements.

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 1 - Activities and Significant Accounting Policies**

**Nature of Activities** - Family Promise of Yellowstone Valley (the Organization) is a private non-profit organization located in Billings, Montana. The primary mission is to provide meals, shelter, and a safe, nonjudgmental environment for families experiencing homelessness. Once families find employment and successfully complete their case plans, they are eligible to move into a transitional housing apartment.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

**Cash and Cash Equivalents** - For the purpose of reporting cash flows, the Organization considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents for purposes of the statements of cash flows. Restricted cash consists of donations received or funds restricted by the Board for a specific Organizational purpose.

**Accounts and Grants Receivable** – The Organization extends short term and unsecured credit to members and other stakeholders of the Organization. Accounts receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, balances that have not been collected by the time the financial statements are issued.

**Property and Equipment** – Expenditures for the acquisition of property and equipment greater than \$5,000 are capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value and capitalized as necessary according to the limits observed. Such donations are reported as without restriction unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to forty years.

**Deferred Revenues** – Income from special event sponsors received in a period that differs from the event that is sponsored event occurs is recognized as deferred.

**Financial Statement Presentation** – The Organization has presented its financial statements to conform to U.S. generally accepted accounting principles (U.S. GAAP) as applicable to not-for-profit organizations. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Continued...

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 1 - Activities and Significant Accounting Policies (continued)**

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without donor restriction* – Net assets that are not subject to donor-imposed stipulations.

*With donor restriction* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Net assets without donor restriction are reported based on liquidity and include those represented by net assets held in capital assets, and those held as restricted by the governing board.

**Income Taxes** - Family Promise of Yellowstone Valley qualifies as a tax-exempt organization under Section 501(c)(3) as described in Sections 509(a)(1) and 170 (b)(1)(A)(iv) of the Internal Revenue Code, and accordingly, there is no provision for income taxes in the accompanying financial statements. In addition, the Internal Revenue Service have determined the Organization not to be “private foundations” within the meaning of section 509(a) of the Internal Revenue Code.

**Management’s Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the accompanying financial statements include, primarily, the valuation of donated items received and depreciation expense.

**Functional Allocation of Expenses** – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of costs is completed on a reasonable basis that is consistently applied for expenses that are not directly allocable to programmatic or supporting services.

**Public Support and Revenue** - Public support is generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded when the written promise to give is received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Continued...

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 1 - Activities and Significant Accounting Policies (continued)**

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates (applicable to the years in which the promises are received) to discount the amounts. The majority of the promises to give are received from a broad base of contributors. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at the end of each fiscal year.

Contributions of cash and other assets are reported as received with donor-imposed restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor-imposed restriction and reported in the statement of activities as net assets released from restrictions. The Board of Directors adopted a policy whereby if net assets with donor restriction are accomplished within the fiscal year, the support shall be classified as net assets without donor restriction.

Contributions of donated non-cash assets are recorded at their fair values in the period received and are recognized consistent with the policies stated above. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A substantial number of unpaid volunteers have made significant contributions of their time to promulgate the Organization's mission. The value of this unpaid volunteer time is not reflected in the accompanying financial statements since the value of these services cannot be objectively determined.

**Investments** - The Organization applies ASC No. 820, *Fair Value Measurement*, for fair value measurements of financial and nonfinancial assets and financial liabilities. The Organization's estimates of fair value for financial assets and liabilities are based on the framework in ASC No. 820 which considers the inputs be used in the valuations when available. The disclosure of fair value estimates in the ASC No. 820 hierarchy is based on whether the significant inputs relative to the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quotes priced in active markets and the lowest priority to unobservable inputs that reflect the Organization's significant market assumptions.

Continued...

**FAMILY PROMISE OF YELLOWSTONE VALLEY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 1 - Activities and Significant Accounting Policies (continued)**

The three levels of the hierarchy are described as follows:

- Level 1 – Valuation based on unadjusted quoted market prices for identical assets or liabilities in accessible and active markets.
- Level 2 – Valuation based on inputs, other than the quoted prices in active markets, which are observable either directly or indirectly; and
- Level 3 – Valuation derived from unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions; based on reasonable and commonly accepted assertions.

The Organization adheres to the Uniform Prudent Management of Institutional Funds Act of 2006. The new law eliminates the historical dollar threshold and establishes prudent spending guidelines that considers both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, the Organization may now spend the amount of the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

The Organization recognizes all financial assets at their fair value as defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

The Organization is required to provide additional disclosures under reporting standards as part of its financial statements. Those additional disclosures are included in Note 4.

**Change in Accounting Method** – The Organization adopted ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) effective July 1, 2018. ASU 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets.

The Organization adopted ASU 2016-18 *Statement of Cash Flows: Restricted Cash* which requires organizations to include in Cash and Cash Equivalents those assets restricted to investment in programs, land, buildings, and equipment. Restricted cash in the amounts of \$193,623 and \$190,216 have been included in cash equivalents for purpose of the Statement of Cash Flows.

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**FAMILY PROMISE OF YELLOWSTONE VALLEY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 1 - Activities and Significant Accounting Policies (continued)**

As of the calendar year beginning after December 15, 2021, the Organization is required to implement ASU No. 2016-02 *Leases (Topic 842)* which require the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and new disclosures on key information about leasing arrangements. The new standard will be applied using a retrospective approach. The Organization is currently evaluating the impact of provisions of ASC 842.

**Note 2 – Liquidity and Availability**

Financial assets available for general expenditures within one year of June 30, 2021 are as follows:

	<u>2021</u>	<u>2020</u>
Total assets:	\$ 1,982,388	\$ 1,744,114
Less:		
Certificates of deposit	201,512	139,274
Land, buildings, improvements, and equipment, net	899,288	937,440
Contractual/donor imposed restricted assets	33,997	22,586
Beneficial interest held in trust – endowed assets	34,969	28,969
Investments	<u>18,816</u>	<u>75,850</u>
Financial assets available within one year	<u>\$ 793,806</u>	<u>\$ 539,995</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. Management invests certain cash and cash equivalents the Organization holds assets in excess of short-term liquidity requirements. Board restricted assets are not considered liquid and available for use until the assets meet the criteria as cash and cash equivalents.

**Note 3 – Investment Income, Investments and Endowments**

The Organization’s board-designated endowment includes only funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are reported based on the existence or absence of donor-imposed restrictions.

As the endowment includes only funds designated by the Board of Directors to function as endowments, the Board of Directors, at their discretion may appropriate earnings or principal of the endowment for expenditures. As of December 31, 2021, the Organization did not have an established spending policy for the endowment.

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**FAMILY PROMISE OF YELLOWSTONE VALLEY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**Note 3 – Investment Income, Investments and Endowments**

The objective of the Organization’s board-designated endowment is to maximize the Organization’s current financial stability by providing additional cash flow as well as augmenting its long-term financial stability and growth. The eventual goal is to grow the investment principal to a substantial enough figure to where the investment income is sufficient to cover potential future income shortages without affecting program operations.

Investment income for the periods ended December 31, 2021 and 2020, are as follows:

	2021	2020
Interest and dividends	\$ 4,226	\$ 3,600
Realized gains and losses	760	3,765
Unrealized gains and losses	3,609	3,057
Investment management fees	(810)	(204)
	\$ 7,785	\$ 10,218

The Organization determines fair value in accordance with the provisions of ASC 820-10. The following table sets forth the level, within the fair value hierarchy, of investments and certain other assets that are measured at fair value on a recurring basis as of:

	Quoted Prices In Active Markets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Total
December 31, 2021				
Funds held in trust	\$ 63,665	\$	\$	\$ 63,665
	\$ 63,665	\$	\$	\$ 63,665
December 31, 2020				
Funds held in trust	\$ 58,318	\$	\$ -	\$ 58,318
	\$ 58,318	\$	\$ ---	\$ 58,318

The Agency Funds recognized as endowment funds are considered Level 1 investments because the Organization can request the funds from the trustee with a 30 days’ notice and the market value of the funds are not dependent on the underlying investments.

Continued...

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**Note 3 – Investment Income, Investments and Endowments (continued)**

Changes in board restricted endowments net assets are as follows:

December 31, 2021:	<u>Board Restricted</u>	<u>Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Beginning of year	\$ 58,318	\$	\$	\$ 58,318
Investment returns:				
Interest/dividends	1,788			1,788
Net appreciation	4,369			4,369
Contributions				
Appropriation of assets for expenditure	<u>(810)</u>	<u>---</u>	<u>---</u>	<u>(810)</u>
End of year	<u>\$ 63,665</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 63,665</u>
December 31, 2020:	<u>Board Restricted</u>	<u>Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Beginning of year	\$ 54,547	\$	\$	\$ 54,547
Investment returns:				
Interest/dividends	918			918
Net appreciation	3,057			3,057
Contributions				
Appropriation of assets for expenditure	<u>(204)</u>	<u>---</u>	<u>---</u>	<u>(204)</u>
End of year	<u>\$ 58,318</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 58,318</u>

In addition to the board-designated endowment fund, the Organization is also a beneficiary of funds contributed to an agency account at the Billing Community Foundation. The funds are recognized as a beneficial interest under FASB ASC 958-605-55 wherein the agency funds are recognized at fair market value, and changes in the fair market value are recorded as net appreciation of investments by the Organization. Distributions of income to the Organization by the fund are recognized as investment income. For the period ended December 31, 2021 and 2020, the Organization recognized \$34,969 and \$28,696 in beneficial interest in assets held.

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**Note 4 – Property and Equipment**

A summary of property and equipment is as follows as of December 31, 2021 and 2020:

December 31, 2021	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
Buildings	\$ 1,099,012	\$	\$	\$ 1,099,012
Leasehold Improvements	33,149			33,149
Equipment	5,681			5,681
Vehicles	<u>38,394</u>	<u>                    </u>	<u>                    </u>	<u>38,394</u>
	1,176,236			1,176,236
Less: accumulated depre.	<u>238,796</u>	<u>38,152</u>	<u>                    </u>	<u>276,948</u>
	<u>\$ 937,440</u>	<u>(\$ 38,152)</u>	<u>\$</u>	<u>\$ 899,288</u>
December 31, 2020	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
Buildings	\$ 1,099,012	\$	\$	\$ 1,099,012
Leasehold Improvements	33,149			33,149
Equipment	5,681			5,681
Vehicles	<u>38,394</u>	<u>                    </u>	<u>                    </u>	<u>38,394</u>
	1,176,236			1,176,236
Less: accumulated depre.	<u>201,149</u>	<u>37,647</u>	<u>                    </u>	<u>238,796</u>
	<u>\$ 975,087</u>	<u>(\$ 37,647)</u>	<u>\$</u>	<u>\$ 937,440</u>

**Note 5 - Net Assets with Donor Restriction**

The Organization holds net assets with donor restriction available for the following purposes on December 31:

Purpose Restrictions:	<u>2021</u>	<u>2020</u>
Donations for client programs	\$ 292,159	\$ 73,074
Playground development	1,544	1,544
Housing	72,391	135,078
Vehicle acquisition/operation	<u>10,003</u>	<u>11,440</u>
	<u>\$ 376,097</u>	<u>\$ 221,136</u>

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**Note 5 - Net Assets with Donor Restriction (continued)**

The Organization holds purpose restricted net assets that are restricted for a specific purpose or program operated by the Organization. Net assets are released from restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donor or grantor.

**Note 6 – Special Events and Program Fees**

The Organization recognizes certain public support and revenues net of direct expenditures that represent an explicit benefit to participants or is a pass-through expense associated with the program. The public support and revenues net of direct expenditures for the period ended December 31, 2021 are:

Public Support:	<u>2021</u>	<u>2020</u>
Beach Blizzard	\$ 90,720	\$ 100,935
Golf Tournament	15,822	11,229
Miscellaneous	<u>27,380</u>	<u>2,600</u>
	133,922	114,764
Less:		
Direct benefit to participants	13,894	16,479
Occupancy	2,242	7,456
Indirect expenses	<u>          </u>	<u>26,525</u>
	<u>16,136</u>	<u>50,460</u>
Special events, net of direct benefit	<u>\$ 117,786</u>	<u>\$ 64,304</u>

**Note 7 – Retirement Plan**

The Organization provides for qualifying employee participation in a SIMPLE IRA retirement plan. Beginning Oct 2021, the plan offers a \$1:1 matching contribution of up to 3% of the employee’s annual compensation for employee elective contributions. The Organization’s contributions for the years ended December 31, 2021 and 2020 are \$647 and \$0, respectively.

**Note 8 – Risks and Uncertainties**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of declines in revenue.

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**FAMILY PROMISE OF YELLOWSTONE VALLEY  
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**Note 8 – Risks and Uncertainties (continued)**

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the attached financial statements include no adjustments relating to the effects of this pandemic.

**Note 9 – Related Party Transactions**

The Organization receives support on a periodic basis in the form of donations and special event attendance from members of the Board of Directors to help fund the Organization's mission. The support does not result in direct or indirect control, joint control, or significant influence.

**Note 10 – Commitments and Contingencies**

In the normal course of business operations, the Organization occasionally becomes involved in legal proceedings related to contracts, environmental issues, or other matters. While any proceedings or litigation has an element of uncertainty, management of the Organization believes that the outcome of any pending or threatening actions will not have a material adverse effect on the business or financial condition of the Organization. As of December 31, 2021 and 2020, there were no such open litigation or contingencies noted.

**Note 11 – Reclassification of Previously Issued Financial Statements**

Certain amounts previously reported in the 2020 financial statements have been reclassified to conform to the 2021 presentation. Such reclassifications have no effect on reported net assets or change in net assets.

**Note 12 - Subsequent Events**

The Organization had no subsequent events through November 8, 2022 which is the date the financial statements were available to be issued, for type I events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.