ROOTS & WINGS FOUNDATION
Financial Statements
December 31, 2021 and 2020
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

Roots & Wings Foundation
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December 31, 2021 and 2020

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Roots & Wings Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Roots & Wings Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Roots & Wings Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

Other Matter

The financial statements of Roots & Wings Foundation for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on July 1, 2021.

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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS we:

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

Withum Smith+Brown, PC

October 31, 2022

Roots & Wings Foundation
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	$ 1,434,574	$ 1,140,060
Cash - restricted custodial funds	-	2,453
Contributions receivable	-	10,135
Grants receivable	12,000	-
Pledges receivable	30,000	40,000
Prepaid expenses	24,954	15,254
Security deposits	23,202	26,698
Gift cards	9,328	7,582
Property and equipment, net	461,211	473,115
Intangible asset, net	11,000	3,660
Total assets	$ 2,006,269	$ 1,718,957
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 19,103	$ 4,620
Accrued expenses	23,888	26,030
Custodial funds payable	-	2,453
Paycheck Protection Program loan payable	-	92,380
Other liabilities	17,668	5,209
Total liabilities	60,659	130,692
Net assets without donor restrictions:		
Undesignated	1,524,610	1,178,265
Designated by the Board for general operations	400,000	400,000
Total net assets without donor restrictions	1,924,610	1,578,265
Net assets with donor restrictions:		
Purchase of permanent housing	21,000	10,000
Total net assets	1,945,610	1,588,265
Total liabilities and net assets	$ 2,006,269	$ 1,718,957

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

Roots & Wings Foundation
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support			
Fundraising, net of direct donor costs	$ 426,077	$ -	$ 426,077
Private foundation and grant income	152,284	216,250	368,534
Morris and Union County grant income	11,800	97,000	108,800
Contributions	194,578	-	194,578
In-kind donation of services	24,640	-	24,640
In-kind donation of goods	29,422	-	29,422
Rental income	53,013	-	53,013
Forgiveness of Paycheck Protection Program loans	165,597	-	165,597
Interest income	1,858	-	1,858
Other income	1,133	-	1,133
Investment loss	(134)	-	(134)
Net assets released from restrictions	302,250	(302,250)	-
Total revenue and support	1,362,518	11,000	1,373,518
Expenses			
Program services			
Youth support	600,369	-	600,369
Youth housing	248,147	-	248,147
Total program services	848,516	-	848,516
Supporting services			
Management and general	73,637	-	73,637
Fundraising	94,020	-	94,020
Total supporting services	167,657	-	167,657
Total expenses	1,016,173	-	1,016,173
Changes in net assets	346,345	11,000	357,345
Net assets			
Beginning of year	1,578,265	10,000	1,588,265
End of year	$ 1,924,610	$ 21,000	$ 1,945,610

The Notes to Financial Statements are an integral part of this statement.

Roots & Wings Foundation
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and support			
Fundraising, net of direct donor costs	$ 241,731	$ -	$ 241,731
Private foundation and grant income	306,499	-	306,499
Morris and Union County grant income	21,916	-	21,916
Donations	258,593	-	258,593
In-kind donation of services	15,375	-	15,375
In-kind donation of goods	13,753	-	13,753
Rental income	53,609	-	53,609
Economic Injury Disaster Loan Emergency Advance	8,000	-	8,000
Interest income	4,284	-	4,284
Investment income	943	-	943
Net assets released from restrictions	25,191	(25,191)	-
Total revenue and support	949,894	(25,191)	924,703
Expenses			
Program services			
Youth support	609,995	-	609,995
Youth housing	231,291	-	231,291
Total program services	841,286	-	841,286
Supporting services			
Management and general	82,271	-	82,271
Fundraising	99,062	-	99,062
Total supporting services	181,333	-	181,333
Total expenses	1,022,619	-	1,022,619
Changes in net assets	(72,725)	(25,191)	(97,916)
Net assets			
Beginning of year	1,650,990	35,191	1,686,181
End of year	$ 1,578,265	$ 10,000	$ 1,588,265

The Notes to Financial Statements are an integral part of this statement.

Roots & Wings Foundation
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services			Supporting Services			
	Youth Support	Youth Housing	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 319,766	$ -	$ 319,766	$ 28,697	$ 61,493	$ 90,190	$ 409,956
Payroll taxes and employee benefits	43,943	-	43,943	4,565	8,560	13,125	57,068
Total personnel services	363,709	-	363,709	33,262	70,053	103,315	467,024
Rent and occupancy	-	248,147	248,147	-	-	-	248,147
Building expense	42,200	-	42,200	4,965	2,483	7,448	49,648
Insurance	18,676	-	18,676	6,485	779	7,264	25,940
Training	5,117	-	5,117	5,110	-	5,110	10,227
Travel and meeting expenses	3,887	-	3,887	498	-	498	4,385
Client support	91,505	-	91,505	-	-	-	91,505
Professional fees	34,331	-	34,331	8,729	6,316	15,045	49,376
Office expense	21,759	-	21,759	10,881	10,878	21,759	43,518
Special events	-	-	-	-	40,596	40,596	40,596
Miscellaneous expenses	2,175	-	2,175	2,106	2,110	4,216	6,391
Depreciation and amortization	17,010	-	17,010	1,601	1,401	3,002	20,012
Total	236,660	248,147	484,807	40,375	64,563	104,938	589,745
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	(40,596)	-	(40,596)
Total expenses	$ 600,369	$ 248,147	$ 848,516	$ 73,637	$ 94,020	$ 208,253	$ 1,016,173

The Notes to Financial Statements are an integral part of this statement.

Roots & Wings Foundation
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			Supporting Services			
	Youth Support	Youth Housing	Total	Management and General	Fundraising	Total	Total Expenses
Salaries	$ 295,631	$ -	$ 295,631	$ 26,531	$ 56,852	$ 83,383	$ 379,014
Payroll taxes and employee benefits	57,870	-	57,870	6,012	11,273	17,285	75,155
Total personnel services	353,501	-	353,501	32,543	68,125	100,668	454,169
Rent and occupancy	-	231,291	231,291	-	-	-	231,291
Building expense	40,831	-	40,831	4,804	2,402	7,206	48,037
Insurance	18,474	-	18,474	6,415	770	7,185	25,659
Training	4,581	-	4,581	4,575	-	4,575	9,156
Travel and meeting expenses	3,021	-	3,021	387	-	387	3,408
Client support	65,507	-	65,507	-	-	-	65,507
Professional fees	78,262	-	78,262	19,898	14,400	34,298	112,560
Office expense	20,819	-	20,819	10,411	10,408	20,819	41,638
Special events	-	-	-	-	39,829	39,829	39,829
Miscellaneous expenses	1,012	-	1,012	980	982	1,962	2,974
Depreciation and amortization	23,987	-	23,987	2,258	1,975	4,233	28,220
Total	256,494	231,291	487,785	49,728	70,766	120,494	608,279
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors	-	-	-	-	(39,829)	-	(39,829)
Total expenses	$ 609,995	$ 231,291	$ 841,286	$ 82,271	$ 99,062	$ 221,162	$ 1,022,619

The Notes to Financial Statements are an integral part of this statement.

Roots & Wings Foundation
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Operating activities		
Changes in net assets	$ 357,345	$ (97,916)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	16,352	19,245
Amortization	3,660	8,975
Forgiveness of Paycheck Protection Program loans	(165,597)	-
Donated securities	(10,080)	(10,111)
Realized (gain) loss	134	(943)
Changes in operating assets and liabilities		
Contributions receivable	10,135	(10,135)
Grants receivable	(12,000)	22,726
Pledges receivable	10,000	(40,000)
Prepaid expenses	(9,700)	(10,725)
Security deposits	3,496	(4,983)
Gift cards	(1,746)	(2,492)
Accounts payable	14,483	(27,863)
Accrued expenses	(2,142)	2,592
Custodial funds payable	(2,453)	(6,790)
Deferred revenue	-	(25,000)
Other liabilities	12,459	(30,066)
Net cash provided by (used in) operating activities	224,346	(213,486)
Investing activities		
Purchase of equipment	(4,448)	(1,539)
Website redevelopment	(11,000)	-
Proceeds from sale of investments	9,946	11,054
Net cash provided by (used in) investing activities	(5,502)	9,515
Financing activity		
Proceeds from Paycheck Protection Program loan payable	73,217	92,380
Net cash provided by financing activity	73,217	92,380
Net change in cash and restricted cash	292,061	(111,591)
Cash and restricted cash		
Beginning of year	1,142,513	1,254,104
End of year	$ 1,434,574	$ 1,142,513
Cash and restricted cash as reported within the statements of financial position		
Cash	$ 1,434,574	$ 1,140,060
Cash - restricted custodial funds	-	2,453
	$ 1,434,574	$ 1,142,513
Supplemental disclosure of cash flow information		
Non-cash investing and financing activity		
Donated investment securities	$ 10,080	$ 10,111

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

1. NATURE OF ACTIVITIES

Roots & Wings Foundation, a New Jersey Nonprofit Corporation (the "Foundation"), formed in 1999, is a nonprofit organization that provides young adults who age out of the foster care system in New Jersey with safe housing, emotional support, life skills, and practical opportunities; inspiring them to rise toward their greatest potential.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America.

Net assets without donor restrictions: Net assets that are resources representing the portion of expendable funds available for support of the Foundation's programs and activities. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees. Board designated net assets amounted to $400,000 as of both December 31, 2021 and 2020, respectively, to be used as a reserve in the event the Foundation has difficulty meeting cash flow needs.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor 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 and changes in net assets as net assets released from restrictions. The Foundation had net assets with donor restrictions in the amount of $21,000 and $10,000 as of December 31, 2021 and 2020, respectively.

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 the amounts of assets and liabilities, revenue and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Foundation's estimates may change in the near term.

Revenue and Support Recognition

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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 substantially met.

A portion of the Foundation's revenue is derived from cost reimbursable county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Foundation recognizes fundraising and special event revenue at the time the event occurs. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place. Any event or services revenue received in advance of the event or services being performed is recorded as deferred revenue.

Contributions, Grants, and Pledges Receivable and Allowance for Doubtful Accounts

Contributions, grants, and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Write offs are determined on a case-by-case basis. There was no allowance for uncollectible accounts established as of December 31, 2021 and 2020, since management believes all receivables will be collected in the normal course of operations.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at date of gift, when donated. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if with donor restrictions, to deferred amounts restricted for fixed asset acquisitions. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, minor repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized.

Valuation of Long-Lived Assets

In accordance with the provisions of accounting for the impairment or disposal of long-lived assets, the Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Management has determined that no impairment adjustment was required to be recorded for the years ended December 31, 2021 and 2020.

Intangible Assets

In accordance with Financial Accounting Standards Board (the "FASB") ASC 350-40, *Intangibles Goodwill and Other - Internal Use Software* and *Website Development Costs,* internal and external costs incurred during the application development stage to develop computer software and websites solely to meet the Foundation's internal needs are capitalized. Costs incurred during the preliminary project stage and post implementation/operation stage are expensed as incurred. Capitalized software and website costs are amortized on a straight-line basis over the estimated useful lives.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to each program based on a percentage of use determined by management to reflect the benefit received. The percentage of use is primarily determined by cost allocation techniques such as time and effort. Program expenses are those related to client assistance activities and are allocated based on direct expenditures incurred. Management and general expenses relate to supporting expenses, both direct and indirect, associated with those programs and are allocated based on salaries associated with the office administrative staff. Fundraising expenses include the direct costs of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on methods considered by management to be reasonable.

Income Taxes

The Foundation is an organization described under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is therefore exempt from federal income taxes under Section 501(a) of the Code. The Foundation is also exempt under Title 15 of the State of *New Jersey Corporations and Associations Not for Profit Act*. Accordingly, no provision for federal or state income taxes has been presented in the accompanying financial statements.

The Foundation follows the provisions of FASB ASC 740, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition related to those tax positions.

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There are no income tax related penalties or interest included in these financial statements.

As required by law, the Foundation files informational returns with the United States federal and New Jersey and New York state jurisdictions on an annual basis Form 990 with the Internal Revenue Service, Form CRI-300R with the State of New Jersey, and Form CHAR 500 with the State of New York. These returns are subject to examination by these authorities within certain statutorily defined periods established by the respective jurisdictions.

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The measurement of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Foundation is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. 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 methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology 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 other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing models, and lattice models).

The asset's 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. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Cash, contributions receivable, grants receivable, pledges receivable, prepaid expenses, security deposits, gift cards, accounts payable, accrued expenses, custodial funds payable, deferred revenue and other liabilities: the carrying amounts approximate fair value because of the short-term maturity of these instruments.

Paycheck Protection Program loan: a government grant which may be forgiven or converted to a loan at a future point in time and which imputed interest does not apply, is carried at cost. However, management believes the Foundation will receive full forgiveness of the Paycheck Protection Program loan and, therefore, the Foundation has determined it approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments
The Foundation records investments in accordance with FASB ASC 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations.* Under this standard, securities purchased for investment are carried at market value; those received as gifts are recorded at market value at date of gift and all investments in debt securities are reported at their fair market values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including interest and dividends) and gains/losses on sale of investments are included in the statements of activities and changes in net assets unless the income or loss is restricted by donor or law. A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through impairment charge. That impairment charge would be included in the statement of activities and changes in net assets and a new cost basis would be established. For the years ended December 31, 2021 and 2020, the Foundation did not record any impairment charge in the statement of activities and changes in net assets.

Vacation Pay Accrual
The Foundation's policy regarding accrued vacation is to allow employees to carry forward up to five vacation days into the following year. The Foundation calculates unused vacation days as of the end of the calendar year, December 31st. All unused time must be utilized by March 31st of the following year or it will be forfeited. As of December 31, 2021 and 2020, the accrued vacation liability was approximately $300 and $2,300, respectively, and is included in accrued expenses on the statements of financial position.

Advertising
The Foundation expenses the costs of advertising the first-time advertising takes place. The Foundation incurred $6,391 and $2,944 in advertising expenses for the years ended December 31, 2021 and 2020, respectively, and is included in miscellaneous expenses on the statements of functional expenses.

Donated Services
The Board of Trustees makes significant contributions of time relative to general management and operations of the Foundation. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

New Accounting Pronouncements Not Yet in Effect
Leases
In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right of use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Foundation’s lease obligations. This ASU is effective fiscal years beginning after December 15, 2021.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires nonprofits to present contributed nonfinancial assets as a separate line items in the statements of activities and changes in net assets apart from contributions of cash or other financial assets along with expanded disclosure requirements, their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts in kind.

The Foundation often receives donations designated to assist the purpose and mission of the Foundation. Donations usually are comprised of consulting services, gift cards and program supplies, which are received throughout the year. For the years ended December 31, 2021 and 2020, in-kind donations amounted to $54,062 and $29,128, respectively.

In kind donations are reflected as contributions at their fair value on the date of the donation and are reported as support without donor restriction unless explicit donor stipulation specify how donated assets must be used. The Foundation benefited from donated goods which amounted to $29,422 and $13,753 and have been reported as in-kind revenue and expense on the statements of activities and changes in net assets and functional expenses for the years ended December 31, 2021 and 2020, respectively. Donated services in the amount of $24,640 and $15,375 have been reported as in-kind revenue and expense on the statements of activities and changes in net assets and functional expenses for the years ended December 31, 2021 and 2020, respectively. The Foundation also received donated securities in the amount of $10,080 and $10,111 for the years ended December 31, 2021 and 2020, respectively.

The Foundation is currently evaluating the impact these pronouncements will have on its financial statements and related disclosures.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the current year presentation. There was no impact on the changes in net assets or reported amounts of net assets.

3. LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Foundation's financial assets, as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year because of contractual or internal restrictions and designations:

	2021	2020
Financial assets at year end:		
Cash	$ 1,434,574	$ 1,140,060
Contributions receivable	-	10,135
Grants receivable	12,000	-
Pledges receivable	30,000	40,000
Total financial assets	$ 1,476,574	$ 1,190,195
Less amounts not available to be used within one year:		
Board designated funds for special projects	$ 400,000	$ 400,000
Net assets with donor restrictions	21,000	10,000
	$ 421,000	$ 410,000
Financial assets available to meet general expenditures over the next twelve months	$ 1,055,574	$ 780,195

The Foundation has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately $260,000. In addition to these financial assets, a significant portion of the Foundation's annual expenditures will be funded by current year operating revenues including fundraising, private foundations and grant income, and donations. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation also has a $25,000 line of credit available to meet cash flow needs. In the event the need arises to utilize the board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution as well.

4. INVESTMENTS

Investments are stated at fair value, based on quoted market prices. It is the Foundation's policy to liquidate donated securities immediately upon receipt.

Investments consisted of the following at December 31:

	2021	2020
Beginning balance	$ -	$ -
Donated securities	10,080	10,111
Sales	(9,946)	(11,054)
Realized gain (loss)	(134)	943
Ending balance	$ -	$ -

There were no investments as of December 31, 2021 and 2020.

5. PROPERTY AND EQUIPMENT

Property and equipment and their related estimated useful lives consisted of the following at December 31:

	Estimated Useful Life (Years)	2021	2020
Land		$ 180,800	$ 180,800
Building	39	311,280	311,280
Building improvements	10	52,184	52,184
Furniture and fixtures	7	19,726	15,278
Vehicles	5	23,550	23,550
Computers	5	7,058	7,058
Total property and equipment		594,598	590,150
Less: Accumulated depreciation		(133,387)	(117,035)
Net property and equipment		$ 461,211	$ 473,115

Depreciation expense charged to operations for the years ended December 31, 2021 and 2020 totaled $16,352 and $19,245, respectively.

6. INTANGIBLES

Intangibles and their related estimated useful lives consisted of the following at December 31:

	Estimated Useful Life (Years)	2021	2020
Computer software	3	$ 30,175	$ 30,175
Website	3	11,000	-
Total intangibles		41,175	30,175
Less: accumulated amortization		(30,175)	(26,515)
Net intangibles		$ 11,000	$ 3,660

Amortization expense charged to operations for the years ended December 31, 2021 and 2020 totaled $3,660 and $8,975, respectively.

7. CUSTODIAL FUNDS

The custodial funds account represents the fee money held by the Foundation on behalf of its program participants. The participants that are being served are required to pay a fee to the Foundation. These fees are accumulated on behalf of the participants and are returned to them at the end of their program term. This assists the participants in getting used to paying bills and gives them an amount to begin their independent life after the program. The Foundation's policy is to recognize a liability until the money is distributed back to the participant, at which time the liability is removed from the Foundation's books. As of December 31, 2021 and 2020, the custodial funds liability was $-0- and $2,453, respectively. The Foundation discontinued the use of custodial funds in 2021 and no longer holds money on behalf of its program participants.

8. LINE OF CREDIT

The Foundation has a line of credit with TD Bank in the amount of $25,000. The interest rate on this line of credit is subject to change from time to time based on an independent index, the Wall Street Journal Prime, which is added to the margin of 3%. The index currently is 3.25% per annum. The revolving line of credit will be reviewed annually, and renewal is at the sole discretion of the bank. The line of credit was set to expire on March 31, 2022. Subsequent to year end, the line of credit was renewed for an additional year through March 31, 2023. There were no borrowings made during 2021 and 2020, nor were there any amounts outstanding against the line of credit at December 31, 2021 and 2020.

9. LEASES

The Foundation leases nine apartments for its youth housing program. These various leases have one-to-two-year terms expiring through October 2022. The Foundation also leases office equipment under various leases expiring through September 2024. Minimum future rental payments are as follows:

2022	$ 111,578
2023	4,680
2024	3,120
	$ 119,378

Total rental expense charged to operations for the years ended December 31, 2021 and 2020 was $206,324 and $196,562, respectively. In addition to rent, the Foundation is responsible for the payment of the utilities associated with these apartments.

10. OTHER INCOME

The Foundation entered into a four-year lease agreement with the State of New Jersey to rent out office space in 2018. The lease requires the State of New Jersey to make monthly payments of $3,959 and was set to expire January 31, 2022. During 2021, the lease was renewed and requires the tenant to make monthly payments of $4,079 from February 1, 2022 through January 31, 2024.

In addition, in September 2021, the Foundation entered into a new two-year lease agreement with Project Readiness, a New Jersey Nonprofit Corporation, to rent out office space. The lease requires the tenant to make monthly payments of $500 from October 4, 2021 through October 4, 2023. Future rental income is as follows:

2022	$ 54,828
2023	53,448
2024	4,079
	$ 112,355

Rental income amounted to $53,013 and $53,609, respectively for the years ended December 31, 2021 and 2020.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes:

	2021	2020
Purchase of permanent housing	$ 21,000	$ 10,000

Net assets released from donor restrictions by incurring expenses satisfying the specified restrictions placed by donors amounted to $302,250 and $25,191 for the years ended December 31, 2021 and 2020, respectively.

12. PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	2021	2020
One year or less	$ 10,000	$ 10,000
One to five years	20,000	30,000
	$ 30,000	$ 40,000

Calculation of discount on pledges receivable was deemed immaterial and is not reflected in the pledges receivable balance at December 31, 2021 and 2020. All pledges receivable are expected to be collected and are recorded at their net realizable value.

13. FUNDRAISING

The Foundation held several fundraising events during the years ended December 31, 2021 and 2020. The gross receipts from these events totaled $466,673 and $281,560 for 2021 and 2020, respectively. Direct expenses consisting of raffle tickets, facility costs, and other related expenses totaled $40,596 and $39,829 for 2021 and 2020, respectively, leaving net proceeds of $426,077 and $241,731 for 2021 and 2020, respectively.

14. FUNDING DEPENDENCE

The Foundation maintains its cash in bank deposit accounts, which, from time to time, has exceeded federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash. Funding for the Foundation comes from private foundations and grants, fundraising, donations, rental income and government sources. As of the years ended December 31, 2021 and 2020, approximately 6% and 14% of the funding for the Foundation came from one donor, respectively. There is no guarantee that such funding will continue. Additionally, some net asset balances are dependent upon approval of disbursement monies by the granting agencies.

15. CONTINGENCIES

Risks Related to Contagious Diseases

The current outbreak of a novel strain of Coronavirus ("COVID-19") is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results may be adversely affected throughout 2022.The extent to which Coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the Coronavirus and actions taken to contain the virus or its impact, among others.

16. ECONOMIC INJURY DISASTER LOAN EMERGENCY ADVANCE

In April 2020, the Foundation applied and received an Economic Injury Disaster Loan (EIDL) Emergency Advance in the amount of $8,000. The EIDL program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to Coronavirus (COVID 19). The EIDL Advance does not have to be repaid.

17. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Foundation issued an unsecured promissory note (the "PPP Loan") for $92,380 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The first PPP Loan was made through TD Bank (the "Lender"), would have a two-year term, bearing interest at 1.00% per annum, and maturing on April 28, 2022. If the PPP loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period. The PPP loan funding of $92,380 was recognized as a loan reflected in the accompanying statements of financial position as of December 31, 2020, as the conditions had not been met. In addition, on February 11, 2021, the Foundation issued a second unsecured promissory note (the "PPP 2 Loan") for $73,217, made through TD Bank (the "Lender"), which had a five-year term, commencing ten months after the end of the Covered Period, bearing interest at 1.00% per annum, and maturing on February 11, 2026.

When the Foundation applied for the loans, the Foundation believed they would qualify to have the loans forgiven under the terms of the PPP agreements. On March 17, 2021, the first PPP Loan was fully forgiven and on November 26, 2021, the second PPP Loan was fully forgiven based on qualifying expenses, therefore the Foundation fully recognized the loans as forgiveness of debt in 2021 in the accompanying statement of activities and changes in net assets.

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 31, 2022, which is the date the financial statements were available to be issued. Based upon this evaluation, the Foundation has determined that other than as disclosed in Note 8, no subsequent events have occurred, which would require disclosure in or adjustment to the financial statements.