



Family Promise of Hall County, Inc.

Financial Statements

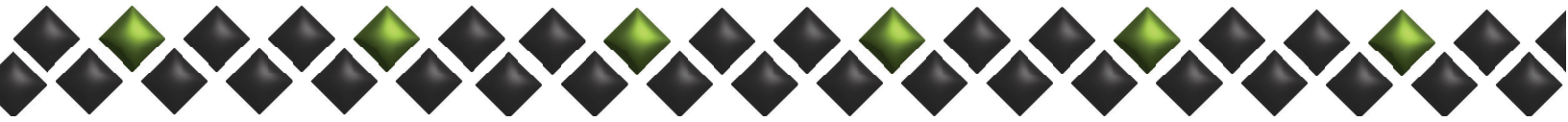
December 31, 2025 and 2024



Family Promise of Hall County, Inc.

Financial Statements

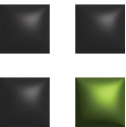
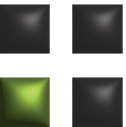
December 31, 2025 and 2024



FAMILY PROMISE OF HALL COUNTY, INC.
FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Promise of Hall County, Inc.
Oakwood, Georgia

Opinion

We have audited the accompanying financial statements of Family Promise of Hall County, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Family Promise of Hall County, Inc. as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Family Promise of Hall County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Wilson Lewis

Gainesville, Georgia
July 15, 2026

FAMILY PROMISE OF HALL COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,145,068	\$ 1,084,357
Restricted cash and cash equivalents	4,065	7,559
Contributions receivable	-	9,849
Allowance for credit losses	-	(985)
Other receivables	920	11,630
Inventories	6,732	27,562
Prepaid expenses	15,401	22,081
Other current assets	3,378	1,945
Total current assets	<u>1,175,564</u>	<u>1,163,998</u>
Noncurrent Assets		
Property and equipment, net	2,511,267	2,570,747
Total noncurrent assets	<u>2,511,267</u>	<u>2,570,747</u>
Total assets	<u><u>\$ 3,686,831</u></u>	<u><u>\$ 3,734,745</u></u>
Liabilities and net assets		
Liabilities		
Current Liabilities		
Accrued expenses	24,499	29,822
Accounts payable	18,540	21,791
Funds held for others	1,450	4,850
Total current liabilities	<u>44,489</u>	<u>56,463</u>
Total liabilities	<u>44,489</u>	<u>56,463</u>
Net assets		
Net assets with donor restrictions	60,854	68,937
Net assets without donor restrictions	3,581,488	3,609,345
Net assets	<u>3,642,342</u>	<u>3,678,282</u>
Total liabilities and net assets	<u><u>\$ 3,686,831</u></u>	<u><u>\$ 3,734,745</u></u>

See accompanying notes and independent auditor's report

FAMILY PROMISE OF HALL COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2025 and 2024

	Without Donor Restrictions 2025	With Donor Restrictions 2025	2025	2024
Support and revenues:				
Grants and gifts:				
Grants	\$ 107,364	\$ 100,000	\$ 207,364	\$ 136,800
Contributions	477,407	32,500	509,907	482,635
In-kind donation revenue	98,571	-	98,571	149,008
Total grants and gifts	<u>683,342</u>	<u>132,500</u>	<u>815,842</u>	<u>768,443</u>
Other revenue:				
Daycare fees	70,832	-	70,832	106,664
Rental income	25,012	-	25,012	22,220
Special events revenue	152,181	-	152,181	138,373
Direct benefit to donors	(7,854)	-	(7,854)	(11,605)
Total other revenue	<u>240,171</u>	<u>-</u>	<u>240,171</u>	<u>255,652</u>
Net assets released from restrictions	140,583	(140,583)	-	-
Total support and revenues	<u>1,064,096</u>	<u>(8,083)</u>	<u>1,056,013</u>	<u>1,024,095</u>
Expenses:				
Program services	897,936	-	897,936	908,150
Supporting services				
Management and general	161,811	-	161,811	127,364
Fundraising	70,764	-	70,764	37,383
Total expenses	<u>1,130,511</u>	<u>-</u>	<u>1,130,511</u>	<u>1,072,897</u>
Nonoperating activities:				
Investment return, net	33,108	-	33,108	22,523
Miscellaneous income	5,450	-	5,450	5,710
Total nonoperating activities	<u>38,558</u>	<u>-</u>	<u>38,558</u>	<u>28,233</u>
Changes in net assets	<u>(27,857)</u>	<u>(8,083)</u>	<u>(35,940)</u>	<u>(20,569)</u>
Net assets at beginning of year	3,609,345	68,937	3,678,282	3,698,851
Net assets at end of year	<u><u>\$ 3,581,488</u></u>	<u><u>\$ 60,854</u></u>	<u><u>\$ 3,642,342</u></u>	<u><u>\$ 3,678,282</u></u>

See accompanying notes and independent auditor's report

FAMILY PROMISE OF HALL COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2025 and 2024

	Total Program 2025	Management and General 2025	Fundraising 2025	Total 2025
Communications and technology	\$ 838	\$ 4,593	\$ 5,318	\$ 10,749
Depreciation	108,884	2,712	-	111,596
Dues and subscriptions	1,846	3,723	4,500	10,069
Food	87,821	156	8,897	96,874
Insurance	32,516	2,138	576	35,230
Legal and professional fees	23,663	28,076	-	51,739
Loss on disposal of assets	5,128	127	-	5,255
Management services	-	38	-	38
Memberships and licenses	-	8,967	-	8,967
Office supplies	57,936	8,179	3,090	69,205
Payroll taxes	31,151	6,724	2,836	40,711
Repairs and maintenance	33,161	9,730	-	42,891
Salaries and wages	404,130	83,023	45,178	532,331
Security and safety	21,212	528	-	21,740
Training	310	859	-	1,169
Travel	4,244	-	-	4,244
Utilities	85,096	2,238	369	87,703
Total expenses	<u>\$ 897,936</u>	<u>\$ 161,811</u>	<u>\$ 70,764</u>	<u>\$ 1,130,511</u>

See accompanying notes and independent auditor's report

FAMILY PROMISE OF HALL COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2025 and 2024

	Total Program 2024	Management and General 2024	Fundraising 2024	Total 2024
Communications and technology	\$ 6,050	\$ 249	\$ 337	\$ 6,636
Depreciation	101,975	1,083	-	103,058
Dues and subscriptions	1,336	2,518	2,574	6,428
Food	87,560	-	-	87,560
Insurance	30,930	1,987	594	33,511
Legal and professional fees	20,808	28,788	-	49,596
Management services	392	75	-	467
Memberships and licenses	-	8,740	-	8,740
Office supplies	69,715	2,346	1,680	73,741
Payroll taxes	31,298	6,351	2,290	39,939
Repairs and maintenance	58,459	3,640	-	62,099
Salaries and wages	407,251	62,580	29,908	499,739
Security and safety	16,844	-	-	16,844
Training	482	2,312	-	2,794
Travel	3,158	618	-	3,776
Utilities	71,892	6,077	-	77,969
Total expenses	<u>\$ 908,150</u>	<u>\$ 127,364</u>	<u>\$ 37,383</u>	<u>\$ 1,072,897</u>

See accompanying notes and independent auditor's report

FAMILY PROMISE OF HALL COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (35,940)	\$ (20,569)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	111,596	103,058
Net (gain)/loss on sale of donated investments	(495)	(220)
Net (gain)/loss on disposal of property and equipment	5,255	(5,500)
Allowance for credit losses	(985)	(10,822)
Contributed securities and other assets	(58,666)	(26,042)
Change in assets and liabilities:		
(Increase) decrease in operating assets:		
Contributions receivable	9,849	12,611
Other receivables	10,710	(105)
Inventories	20,830	6,316
Prepaid and other current assets	5,247	1,685
Increase (decrease) in operating liabilities:		
Accrued expenses	(5,323)	8,882
Accounts payable	(3,251)	4,960
Funds held for others	(3,400)	670
Total adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	<u>91,367</u>	<u>95,493</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>55,427</u>	<u>74,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(57,371)	(116,139)
Proceeds from the sale of donated investments	<u>59,161</u>	<u>26,262</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,790</u>	<u>(89,877)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	57,217	(14,953)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>1,091,916</u>	<u>1,106,869</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u><u>\$ 1,149,133</u></u>	<u><u>\$ 1,091,916</u></u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and cash equivalents	\$ 1,145,068	\$ 1,084,357
Restricted cash and cash equivalents	4,065	7,559
Total cash, cash equivalents and restricted cash	<u><u>\$ 1,149,133</u></u>	<u><u>\$ 1,091,916</u></u>

See accompanying notes and independent auditor's report

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 1 – Nature of Organization

Family Promise of Hall County, Inc. (the "Organization") is a not-for-profit organization established to empower low-income individuals and families experiencing homelessness to achieve sustainable independence by providing wrap-around services. Since 2012, the Organization has assisted families who experience homelessness through a continuum of integrated services. The Organization's vision is a community where every family has a stable home, a sustainable income, and hope for a better future.

The specific programs and services provided by the Organization include the following:

Empowerment Program: Provides short term housing, intensive case management, counseling, and education to families in crisis.

Next Step Transitional Housing Program: Offers affordable housing for six months or more, if needed, to Empowerment graduates who are transitioning toward independence.

L.I.F.E (Local Initiative for Family Empowerment) Program: Delivers life-skills and financial literacy training to help families achieve and maintain self-sufficiency.

Little Steps Community Daycare (LSCD): Provides high-quality, affordable childcare for children ages six weeks to four years, enabling parents to work or attend training.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on the change in net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of money market accounts and gift cards on hand.

The Organization maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Organization's cash balances at times exceeded federally insured limits. The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by a contractual agreement with participants going through the transitional housing program. Funds are held for participants in an effort to assist them in saving enough to accomplish their goals. The restriction will lapse when funds are paid back to the participants at the end of the program. The restricted cash accounts totaled \$4,065 and \$7,559 as of December 31, 2025 and 2024, respectively.

Contributions Receivable

Unconditional written promises to give (contributions) are recognized as an asset and contribution revenue in the period received. Promises to give are recorded at net realizable value and are discounted at an appropriate rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible promises to give is estimated by the Organization based on factors including collection history. Conditional promises to give are recognized when the conditions on which they depend, which consist of both a barrier and a right of return or release, are met.

Accounts Receivable

Accounts receivable include amounts billed and currently due from customers of which the Organization has an unconditional right to receive. The amounts due are stated at their estimated net realizable value. Accounts receivable are considered current and collectible, therefore no allowance has been assessed on the outstanding balance. When there is an allowance, the Organization writes off uncollectible receivables against the allowance when the likelihood of collection is remote. Recoveries of receivables previously written off are recognized as an offset to provision for credit loss in the year of recovery.

Investments

Gains and losses on the sale of investments are determined using the specific identification method. Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or law. Dividend and interest income are accrued as earned. Income and net gains (losses) on investments are reported in the statements of activities and changes in net assets as follows:

- As increases (decreases) in net assets without donor restrictions
- As increases (decreases) in net assets with donor restrictions if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund; or
- As increases (decreases) in net assets without donor restrictions in all other cases.

Inventories

Inventory consists of food, diapers, clothing, bedding and toys. All goods were received through public donations. Donated inventory at year-end was valued at its estimated average retail price in the United States.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost. Expenditures for additions, improvements, and other enhancements to property, plant, and equipment are capitalized, and minor replacements, maintenance, and repairs that do not extend asset life or add value are charged to expense as incurred. When property, plant, and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations.

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Property, plant, and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property, plant, and equipment are as follows: buildings and improvements: 10 - 30 years, furniture and equipment: 8 - 10 years, vehicles: 4 - 5 years, and computer equipment: 3 - 5 years. The Organization's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Organization's assets. The Organization periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

The Organization reports gifts of property, plant, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net Assets

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors (the Board). Net assets without donor restrictions include net assets designated by the Board for specific purposes.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All net assets restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. 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 restrictions.

Revenue Recognition

The Organization recognizes revenue when goods or services promised are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation, as further described below. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Revenue Recognition Process

Identify the Contract with a Customer

The Organization identifies a contract with a customer for revenue streams in different ways. For daycare fees, the contract with the customer (parent/tuition assistance program) is established upon completion and signing of the enrollment/registration agreement. For event sponsorships, the agreement or commitment letter specifying the sponsorship level and associated benefits acts as the contract. For silent auction sales, the contract with the customer is identified at the point a bid is accepted at the close of the auction.

Identify the Performance Obligations in the Contract

The Organization determines performance obligations based on the nature of products or services the Organization provides and recognizes revenues for performance obligations satisfied at a point in time based on actual services provided. Daycare fees typically consist of a single performance obligation which is to provide care for the child for a specified time period. For event sponsorships, the Organization identifies the performance obligations in the sponsorship contracts, which typically include access to the event and in certain cases, additional goods or services such as advertising, branding, and hospitality services. Each promised good or service is evaluated to determine whether it represents a distinct performance obligation.

Determine the Transaction Price

The transaction price for the Organization's contracts with its customers consists of fixed consideration. Fixed consideration includes amounts to be contractually billed to the customer. The Organization generally invoices customers for daycare services, sponsorships, and silent auction items at time of delivery. Customer invoices are generally due upon receipt. The Organization's contracts with customers typically do not include significant financing components as the period between the transfer of performance obligations and timing of payment are generally within one year.

Allocate the Transaction Price to the Performance Obligations in the Contract

For contracts that contain multiple performance obligations, the Organization allocates the transaction price to the performance obligations on a relative standalone selling price basis. Standalone selling prices are estimated using observable prices when available or management's best estimate if not directly observable.

Recognize Revenue when or as the Organization Satisfies a Performance Obligation

Revenue for daycare fees, sponsorships, and silent auction items are recognized at a point in time, which is generally upon delivery of products or services.

The following significant revenue-generating transactions are within the scope of ASC 606, which are presented in the statements of activities and changes in net assets:

Fees for Service - The Organization recognizes revenue upon delivery of the services. Any portion of the fee for future benefits is classified as a contract liability on the statements of financial position. Tuition for daycare is fixed, although some families qualify for tuition assistance.

Special event revenue - The Organization recognizes revenue at the time of the event. Special event revenue includes table sales, sponsorships and silent auction income.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions and Grants

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Grants - Grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Certain grants are on a cost reimbursement basis and require the Organization to incur eligible expenses prior to the release of funds. Unexpended amounts received but not yet earned are reported as deferred grants.

The Organization applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with completion of the year ending December 31, 2025.

Contributed Nonfinancial Assets - Contributed nonfinancial assets are recorded at fair value at the date of donation. Contributions of services are reported as revenue only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills.

Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities. The expenses that are allocated include personnel expenses (salaries and wages and payroll taxes), occupancy, depreciation, and insurance. Personnel expenses are allocated on the basis of estimates of time and effort. Occupancy (excluding repairs and maintenance and utilities) costs are allocated based on square footage. Repairs and maintenance, utilities, depreciation, and insurance are allocated towards the program in which the cost relates to or if the cost is not program-specific, it is allocated based on square footage.

Special Events

Special events revenue represents a reciprocal transaction equal to the cost of direct benefits to donors with the remainder representing contribution revenue. During the years ended December 31, 2025 and 2024, the Organization incurred fundraising expenses that directly benefited donors in the amount of \$7,854 and \$11,605, respectively. These direct expenses have been presented as a reduction of special event revenue in the statements of activities and changes in net assets.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income, and determine its filing and tax obligations in jurisdictions for which it has nexus. As of December 31, 2025 and 2024, the Organization believes that it has not generated any unrelated business taxable income.

The Organization recognizes the tax benefit from an uncertain tax position only if it is "more likely than not" that the tax position would be sustained on examination by the taxing authorities, based upon the technical merits of the position. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Generally, the Organization is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations for three years after income tax returns are filed.

Leases

The Organization determines if an arrangement is a lease at inception. The Organization uses the following primary accounting provisions to classify transactions as sales-type, direct-financing, or operating leases. Leases meeting these conditions are accounted for as either sales-type leases or direct-financing, depending on further criteria. Those that do not meet the conditions are accounted for as operating leases.

1. Review of the lease term to determine if it's for a major part of the economic life of the underlying asset.
2. Review of the present value of the lease payments to determine if they are equal to or greater than, substantially all of the fair market value of the underlying asset at the inception of the lease.
3. Review of the lease agreement to determine if there is an option for the lessee to purchase the underlying asset that the lessee is reasonable certain to exercise, or, if the ownership of the underlying asset transfers to the lessee at the end of the lease.
4. Review of the underlying asset to determine if it is highly specialized or would have no alternative use to the Organization after the lease term.

As a practical expedient, the Organization has elected, by class of underlying asset, not to separate non-lease components from lease components and, instead, to account for each separate lease component and non-lease component(s) as a single component if both of the following are met:

- a. the non-lease component otherwise would be accounted for under ASC 606.
- b. the timing and pattern of the transfer for the lease and non-lease components associated with that lease are the same, and the lease component, if accounted for separately, would be classified as an operating lease.

The Organization elects to use the risk-free discount rate for all leases that don't already have an explicit or implicit rate included in the lease, and to use this rate instead of the Organization's incremental borrowing rate. The risk-free rate is determined using a comparable period with that of the lease term and is elected by class of underlying assets.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Organization has elected to exclude from consideration in the lease contract and from variable payments not included in the consideration in the lease contract, the taxes assessed and collected from the lessee.

The Organization has a significant investment in the residual value of the real estate included in operating leases. The residual value represents the estimate of the value of the assets at the end of the lease contract. Realization of the residual value is dependent on the Organization's future ability to market the real estate under the prevailing market conditions.

In addition to estimating the residual value at lease termination, the Organization also evaluates the current value of the operating lease asset and tests for impairment to the extent necessary when there is an indication of impairment based on market considerations.

Where the Organization is leasing a portion of a larger asset, the Organization estimates the fair value of the portion of the underlying asset being leased when applying the lease classification criteria.

Costs incurred for fulfilling a lease before the commencement date are expensed as incurred.

All of the Organization's leases are classified as operating leases. Under operating lease arrangements, the underlying leased assets remain within property and equipment and are depreciated over their estimated useful lives. Lease income is recognized on a straight-line basis over the lease term unless another systematic and rational basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Certain lease agreements may include options to extend or terminate the lease. These options are included in the lease term when it is reasonably certain that the option will be exercised. As of December 31, 2025 and 2024, all of the Organization's leases were short term.

NOTE 3 – Liquidity and Availability of Resources

The Organization's financial assets available for general use at December 31, consist of the following:

Financial assets available:	2025	2024
Cash and cash equivalents	\$ 1,145,068	\$ 1,084,357
Other receivables	920	11,630
Contributions receivable, net of allowance for credit losses	-	8,864
Total financial assets available	1,145,988	1,104,851
Less:		
Donor restricted net assets	(60,854)	(68,937)
Board-designated reserve	(520,833)	(520,833)
Financial assets available to meet cash needs for expenditures within one year	<u>\$ 564,301</u>	<u>\$ 515,081</u>

The Organization's working capital and cash flows fluctuate during the year due to the timing of cash receipts and major contributions. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in money market accounts as operating reserves.

While some assets do not meet the requirements to be included in financial assets available to meet cash needs for general expenditures within one year, they are still expected to help pay next year's expenses.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 3 – Liquidity and Availability of Resources (Continued)

The budget calls for expenses related to some of the donor restricted amounts to be paid the following year.

The Board-designated reserve consists of net assets without donor restrictions that have been designated by the Board of Directors as a reserve for future projects and to act as an operating buffer. Although the board does not intend to draw upon the reserve, it ensures the Organization's ability to continue operations in the event of unexpected financial challenges or a temporary shortfall in funding. The Board of Directors retains the authority to modify or rescind this designation at any time.

NOTE 4 – Receivables

Other receivables, primarily arising from cash advances made to employees and federal tax receivables, were \$920 and \$11,630 as of December 31, 2025 and 2024, respectively. The other receivables are current and collectible and therefore no allowance for credit losses has been calculated.

NOTE 5 – Inventories

Inventories consist of donated items. Donated inventory is stated at the following values:

	2025	2024
Clothing and shoes	\$ 5,232	\$ 14,160
Diapers	772	6,907
Pajamas	-	6,495
Toys	728	-
Total	<u>\$ 6,732</u>	<u>\$ 27,562</u>

Donated inventory items are valued at the approximate average retail value of similar items found at local retail stores. The donated inventory is held and given away to those in need.

NOTE 6 – Property, Plant, and Equipment

The historical costs of the Organization's property, plant, and equipment and related accumulated depreciation balances at December 31 were as follows:

	2025	2024
Land	\$ 606,388	\$ 606,388
Construction in progress	8,256	-
Machinery and equipment	20,255	23,824
Buildings and improvements	2,087,269	2,057,225
Furniture and fixtures	294,252	306,105
Property, Plant, and equipment, gross	<u>3,016,420</u>	<u>2,993,542</u>
Less accumulated depreciation	(505,153)	(422,795)
Property and equipment, net	<u><u>\$ 2,511,267</u></u>	<u><u>\$ 2,570,747</u></u>

Depreciation expense related to property, plant, and equipment was \$111,596 and \$103,058 for the years ended December 31, 2025 and 2024, respectively.

The construction in progress of \$8,256 in the current year is for the start of a new transitional housing project. The project is expected to be completed in the year ended December 31, 2026.

Family Promise of Hall County, Inc.
Notes to the Financial Statements
For the years ended December 31, 2025 and 2024

NOTE 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

Subject to expenditures for specified purpose:	2025	2024
Celebration gifts/Christmas Store	\$ -	\$ 1,103
Clayton Home project	60,854	-
Eviction Prevention Program	-	6,308
Homestead	-	61,526
Total net assets with donor restrictions	\$ 60,854	\$ 68,937

The sources of net assets released from restrictions are as follows for the years ended December 31:

	2025	2024
Celebration Gifts/Christmas Store items	\$ 1,103	\$ 27,184
Clayton Home project	19,146	-
COVID Relief	-	4,692
Daycare improvements	12,500	-
Eviction Prevention efforts	26,308	17,707
Homestead efforts	81,526	87,810
Total net assets released from restrictions	\$ 140,583	\$ 137,393

NOTE 8 – Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized in the statements of activities and changes in net assets are as follows:

	2025	2024
Buildings and improvements	\$ 10,361	\$ -
Food	60,821	64,031
Other goods and services	27,389	84,977
Total contributed nonfinancial assets	\$ 98,571	\$ 149,008

The contributed nonfinancial assets the Organization recognized in the statements of activities and changes in net assets did not have donor-imposed restrictions. It is the Organization's policy to record donated goods and services at their fair value at the date of donation.

The buildings and improvements will be used to provide a safe space for children to play outside of the transitional houses. The value of the fencing donated is based on actual invoiced amounts from the donor.

Contributed food consists of food donations from local restaurants. The value of the donated food comes from invoices that the restaurants prepare.

The other goods and services include professional services for building maintenance, professional classes, inventory items, and gift cards. In valuing the other goods and services, the Organization estimated the fair value based on current rate for similar professional services, invoices, and retail prices.

Family Promise of Hall County, Inc.
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For the years ended December 31, 2025 and 2024

NOTE 9 – Leases

The Organization leases space to unrelated parties for transitional housing for those in need. The agreements are all short-term and typically require a \$600 refundable security deposit. The leases require monthly payments ranging from \$900 to \$1,200 per month, based on the participant's income level, of which \$300 is placed into a participant account as mandatory savings for the family and is returned to the family at the completion of the exit interview. The remaining money is kept by the Organization as rental income. A cleaning fee of \$300 is deducted from the deposit to cover the cost of deep cleaning the house after all items have been removed.

The carrying amount of the properties leased equals \$289,536. The Organization reports the full carrying amounts of the properties on the statements of financial position as property, plant, and equipment.

Rental income recognized under short term operating leases was \$25,012 and \$22,220 for the years ended December 31, 2025 and 2024, respectively. Due to the nature of the leases and the ability to be cancelled at any time, no enforceable future minimum lease payments beyond the current period are recognized and no maturity schedule is presented.

NOTE 10 – Concentrations of Risk

The Organization evaluates concentrations of risk in accordance with FASB ASC 275, Risks and Uncertainties. As of December 31, 2025 and 2024, no single donor, grantor, or funding source represented a concentration of revenue or contributions receivable that would make the Organization vulnerable to the risk of a near-term severe impact. The Organization's revenue is derived from a diversified base of individual contributions, foundation and corporate grants, daycare fees, and special event proceeds.

NOTE 11 – Related Party Transactions

Contributions received from the members of the Board of Directors during the years ended December 31, 2025 and 2024 were \$71,811 and \$28,375, respectively.

In recognition of the work of the Organization nationally, each affiliate is required to pay affiliate dues based on the affiliates' annual operating expense budget to Family Promise National ("National"). Affiliate dues paid during the years ended December 31, 2025 and 2024 were \$8,500 and \$8,500, respectively.

During the years ended December 31, 2025 and 2024, the Organization received a grant of \$20,000 and \$15,000, respectively from National.

NOTE 12 – Date of Management's Review

Management has evaluated subsequent events as of July 15, 2026, the date the financial statements were available for issue. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position but prior to the issuance of this report that require adjustment to the financial statements or disclosure in the notes to the financial statements.