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NEW YORK DISASTER INTERFAITH SERVICES

Audited Financial Statements

December 31, 2019

Independent Auditor's Report

To the Board of Directors of
New York Disaster Interfaith Services

Report on the Financial Statements

We have audited the accompanying financial statements of New York Disaster Interfaith Services ("NYDIS") which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

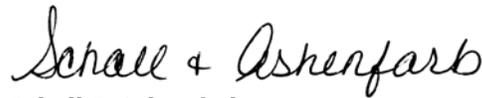
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York Disaster Interfaith Services as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited NYDIS's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

November 12, 2020

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
(With comparative totals as of December 31, 2018)

	<u>12/31/19</u>	<u>12/31/18</u>
Assets		
Cash and cash equivalents	\$933,631	\$852,529
Contract revenue receivable	711,590	1,092,081
Government grants and contributions receivable	17,260	27,260
Prepaid expenses	22,668	45,449
Restricted cash - escrow (Note 3)	252,655	811,364
Fixed assets (Note 4)	2,284	3,417
Investments - deferred compensation plan (Note 2g)	33,223	21,940
Security deposits (Note 5)	155,616	214,248
	<u> </u>	<u> </u>
Total assets	<u><u>\$2,128,927</u></u>	<u><u>\$3,068,288</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$175,371	\$145,289
Refundable advances	0	522,524
Security deposits payable (Note 5)	155,616	214,248
Deferred compensation payable (Notes 2g and 6)	33,223	21,940
	<u> </u>	<u> </u>
Total liabilities	<u><u>364,210</u></u>	<u><u>904,001</u></u>
Net assets:		
Without donor restrictions:		
Operations	1,244,717	636,460
Strategic reserve (Note 2b)	500,000	1,425,800
	<u> </u>	<u> </u>
Total unrestricted	<u>1,744,717</u>	<u>2,062,260</u>
With donor restrictions (Note 7)	<u>20,000</u>	<u>102,027</u>
Total net assets	<u><u>1,764,717</u></u>	<u><u>2,164,287</u></u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$2,128,927</u></u>	<u><u>\$3,068,288</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative totals for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/19	Total 12/31/18
Public support and revenue:				
Government grants	\$75,583		\$75,583	\$54,000
Contract revenue	3,901,051		3,901,051	6,276,723
Contributions	67,266	\$128,652	195,918	279,962
Membership dues	1,800		1,800	24,500
Donated goods (Note 2h)	0		0	1,545,832
In-kind legal services (Note 2h)	81,886		81,886	385,347
Other income	87,813		87,813	101,421
Net assets released from restrictions (Note 7)	210,679	(210,679)	0	0
Total public support and revenue	4,426,078	(82,027)	4,344,051	8,667,785
Expenses:				
Program services	4,094,797		4,094,797	7,145,000
Supporting services:				
Management and general	602,341		602,341	1,153,777
Fundraising	46,483		46,483	44,066
Total supporting services	648,824	0	648,824	1,197,843
Total expenses	4,743,621	0	4,743,621	8,342,843
Change in net assets	(317,543)	(82,027)	(399,570)	324,942
Net assets - beginning of year	2,062,260	102,027	2,164,287	1,839,345
Net assets - end of year	<u>\$1,744,717</u>	<u>\$20,000</u>	<u>\$1,764,717</u>	<u>\$2,164,287</u>

* - Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative totals for the year ended December 31, 2018)

	<u>Supporting Services</u>			Total Supporting Services	Total Expenses 12/31/19	Total Expenses 12/31/18
	Program Services	Management and General	Fundraising			
Salaries	\$1,124,983	\$250,727	\$26,990	\$277,717	\$1,402,700	\$1,633,884
Payroll taxes and benefits	342,861	76,413	8,227	84,640	427,501	502,150
Total personnel services	<u>1,467,844</u>	<u>327,140</u>	<u>35,217</u>	<u>362,357</u>	<u>1,830,201</u>	<u>2,136,034</u>
Cash assistance	2,011,769			0	2,011,769	3,242,081
Program expenses/donated goods (Note 2h)				0	0	1,545,832
Professional fees	19,654	43,691	284	43,975	63,629	55,713
Rent	125,727	28,021	3,017	31,038	156,765	151,552
Telephone	36,306	8,091	870	8,961	45,267	60,449
Computer	63,959	5,534	596	6,130	70,089	71,911
Office supplies	30,284	13,406	728	14,134	44,418	34,897
Insurance	71,541	15,944	1,716	17,660	89,201	91,764
Travel	85,026	9,604	966	10,570	95,596	100,733
Conferences and training	78,463	34,549	1,122	35,671	114,134	75,377
Repairs and maintenance	33,444	7,453	803	8,256	41,700	60,313
Food	15,187	3,385	364	3,749	18,936	13,627
Other expenses	54,685	23,434	778	24,212	78,897	56,080
Uncollectible receivables		0		0	0	260,000
Depreciation	908	203	22	225	1,133	1,133
Total expenses before in-kind legal expense	<u>4,094,797</u>	<u>520,455</u>	<u>46,483</u>	<u>566,938</u>	<u>4,661,735</u>	<u>7,957,496</u>
In-kind legal expense		<u>81,886</u>		<u>81,886</u>	<u>81,886</u>	<u>385,347</u>
Total expenses	<u><u>\$4,094,797</u></u>	<u><u>\$602,341</u></u>	<u><u>\$46,483</u></u>	<u><u>\$648,824</u></u>	<u><u>\$4,743,621</u></u>	<u><u>\$8,342,843</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(With comparative totals for the year ended December 31, 2018)

	12/31/19	12/31/18
Cash flows from operating activities:		
Change in net assets	(\$399,570)	\$324,942
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	1,133	1,133
Changes in assets and liabilities:		
Contract revenue receivable	380,491	301,938
Government grants and contributions receivable	10,000	113,083
Prepaid expenses	22,781	(35,812)
Restricted cash - escrow	558,709	246,184
Security deposits	58,632	55,985
Accounts payable and accrued expenses	30,082	(45,056)
Refundable advances	(522,524)	(254,707)
Security deposits payable	(58,632)	(55,985)
Total adjustments	480,672	326,763
Net cash provided by operating activities	81,102	651,705
Cash flows from financing activities:		
Repayment of line of credit	0	(390,000)
Net cash used for financing activities	0	(390,000)
Net increase in cash and cash equivalents	81,102	261,705
Cash and cash equivalents, beginning of year	852,529	590,824
Cash and cash equivalents, end of year	\$933,631	\$852,529
Supplemental disclosure of cash flow information:		
Interest and taxes paid	\$0	\$0

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK DISASTER INTERFAITH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 - Organization

New York Disaster Interfaith Services (“NYDIS”) was incorporated in 2013 in New York State. NYDIS is a faith-based federation of service providers and charitable organizations who work in partnership to provide disaster readiness, response, and recovery services to New York City. The Organization and its members seek to mitigate human suffering caused by catastrophes and serve the most vulnerable and under resourced households and communities affected by disaster. Currently the main program of NYDIS is to provide services to New York City victims of Hurricane Sandy. NYDIS primarily receives support from membership dues, grant contributions and government grants.

NYDIS has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (“Code”) and has not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective January 1, 2019, NYDIS adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective January 1, 2019, NYDIS adopted (“ASU”) No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, NYDIS evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, NYDIS applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way NYDIS recognizes revenue.

b. Financial Statement Presentation

NYDIS reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions. Included in net assets without donor restrictions is the board designated strategic reserve. The Board of Directors had established a strategic reserve of \$1,425,800, representing 80% of paid invoices received from existing contracts as of December 31, 2018. During 2019, the board reduced this amount by \$925,800 leaving an ending balance of \$500,000 as of December 31, 2019. These funds are currently designated to cover certain future program costs that may be incurred during the term of the contract or its closeout.
- *Net Assets With Donor Restrictions* – relates to activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities.

c. Revenue Recognition

NYDIS has adopted Topic 606 using the modified retrospective method applied to all contracts after January 1, 2019 and continues to use legacy GAAP for all contracts before January 1, 2019.

The Organization analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

Contract revenue falls under Topic 606 and consists of contracts and sub-contracts with various organizations; whereby, revenue is recognized from these transactions when certain performance related outcomes are met and in certain cases when qualifying expenditures are incurred. Fees that have not been collected at year end are reflected as contract revenue receivable. Amounts collected in advance are recognized as refundable advances.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. 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. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined under (“ASU”) No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions that are due within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using risk-adjusted present value techniques when considered material. At December 31, 2019 and 2018, all contributions receivable were expected to be received in less than one year.

The Organization's government grants are primarily conditional non-exchange transactions and fall under the scope of Topic 605. Revenue from these transactions are recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue. As of December 31, 2019 and 2018 all government grants receivable were due within one year.

All receivables are reviewed for collectability. Management has established a reserve for uncollectible government grants of \$150,000 for the year ended December 31, 2019, based on historical experience.

d. Cash and Cash Equivalents

NYDIS considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments, which potentially subject NYDIS to concentration of credit risk, consist of cash, money market accounts and investment securities which have been placed with financial institutions that management deems to be creditworthy. At year end and at certain times during the year, NYDIS had material uninsured balances; however, they have not suffered any losses due to the failure of any of these institutions.

f. Fixed Assets, Net

Fixed assets that exceed \$1,000 and that have a useful life of greater than one year are recorded at cost or at fair value on the date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

g. Investments – Deferred Compensation Plan

Accounting standards have established a fair value hierarchy giving the highest priority to quoted prices in active markets and the lowest to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1- Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that NYDIS has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments consist of annuity contracts that are considered Level 2 securities on the fair value hierarchy. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

h. In-Kind Services

Donated services are recognized when they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. NYDIS received contributed legal services valued at \$81,886 and \$385,347 during years ended 2019 and 2018, respectively.

Donated goods are recorded at the estimated fair value at the date of gift. NYDIS received donated clothing and home goods with an estimated fair value of \$0 and \$1,545,832 during 2019 and 2018, respectively.

Board members and other individuals volunteer their time and perform a variety of tasks that assist NYDIS. These services do not meet the criteria to be recorded and have not been included in the financial statements.

i. Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries, payroll tax and benefits
- Rent
- Telephone
- Computer
- Office supplies
- Insurance
- Travel
- Repairs and maintenance
- Food
- Other expenses
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

j. 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.

- k. Accounting for Uncertainty of Income Taxes
 NYDIS does not believe its financial statements include any uncertain tax positions. Tax filings for periods ending December 31, 2016 and later are subject to examination by applicable taxing authorities.
- l. Comparative Financial Information
 The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NYDIS's financial statements for the year ended December 31, 2018, from which the summarized information was derived.
- m. New Accounting Pronouncements
 FASB issued ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.
- FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.
- NYDIS is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Restricted Cash

An escrow account has been established to meet the requirement of the City of New York Department of Mayor's Office of Housing Recovery ("NYC HRO"). The purpose of this account is to ensure the funds are used for housing and housing assistance payments.

Note 4 - Fixed Assets, Net

Fixed assets consist of the following:

	<u>12/31/19</u>	<u>12/31/18</u>
Computers	\$46,684	\$46,684
Office equipment	33,674	33,674
Furniture	<u>16,572</u>	<u>16,572</u>
	96,930	96,930
Less: accumulated depreciation	<u>(94,646)</u>	<u>(93,513)</u>
Total fixed assets, net	<u>\$2,284</u>	<u>\$3,417</u>

Note 5 - Security Deposits

NYDIS received funds through one of its contracts to provide temporary housing security deposits for participants of the program that were eligible for temporary housing. Under the terms of the contract, when these security deposits are returned to NYDIS, they are paid back to the contractor. Accordingly, the statement of financial position reflects both an asset and liability related to these security deposits.

Note 6 - Deferred Compensation Payable

NYDIS established a deferred compensation plan for eligible executives as described under Section 457(b) of the Internal Revenue Code. The funds are maintained in a segregated investment account and payable under terms of the agreement. The estimated liability was \$33,223 and \$21,940 at December 31, 2019 and 2018, respectively.

Note 7 - Net Assets With Donor Restrictions

Activity in the with donor restriction class of net assets is as follows:

	<u>December 31, 2019</u>			
	Beginning Balance <u>1/1/19</u>	Contributions	Released from Restrictions	Ending Balance <u>12/31/19</u>
Program restricted:				
Hurricane Maria Recovery	\$100,238	\$128,652	(\$208,890)	\$20,000
Hurricane Sandy Recovery	<u>1,789</u>	<u>0</u>	<u>(1,789)</u>	<u>0</u>
Total	<u>\$102,027</u>	<u>\$128,652</u>	<u>(\$210,679)</u>	<u>\$20,000</u>
	<u>December 31, 2018</u>			
	Beginning Balance <u>1/1/18</u>	Contributions	Released from Restrictions	Ending Balance <u>12/31/18</u>
Program restricted:				
Hurricane Maria Recovery	\$77,001	\$170,759	(\$147,522)	\$100,238
September 11 th	0	5,031	(3,242)	1,789
Hurricane Sandy Recovery	<u>2,346</u>	<u>0</u>	<u>(2,346)</u>	<u>0</u>
Total	<u>\$79,347</u>	<u>\$175,790</u>	<u>(\$153,110)</u>	<u>\$102,027</u>

Note 8 - Commitments and Contingencies

- a. Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known and the amount is probable that it will be paid.
- b. NYDIS leases office space in New York City on a month to month basis.

Note 9 - Retirement Plan

NYDIS has a 403(b)-retirement plan for all eligible employees. After one year of service, NYDIS provides a contribution of 3% of employee's salary. In addition, NYDIS matches up to 2% of salary for voluntary contributions made by employees. Total contributions made by NYDIS were approximately \$52,900 and \$62,200, for the years ended December 31, 2019 and 2018, respectively.

Note 10 - Significant Concentrations

NYDIS recognized a subcontract of a contract from NYC HRO that amounted to 76% and 70% of total revenue during the years ended December 31, 2019 and 2018, respectively.

Note 11 - Liquidity and Availability of Financial Resources

The following reflects NYDIS' financial assets at December 31, 2019, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$933,631	
Contract revenue receivable	711,590	
Government and contributions receivable	<u>17,260</u>	
Total financial assets		\$1,662,481
Less amounts not available to be used within one year:		
Board strategic reserve	(500,000)	
Contributions restricted – purpose restrictions	<u>(20,000)</u>	
Total amounts not available for general expenditures		<u>(520,000)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$1,142,481</u>

As part of its liquidity management, NYDIS operates its programs within a balanced budget and maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. The board strategic reserve is set aside by management to have funds available for the sunset of a major contract.

Note 12 - Subsequent Events and COVID-19

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Since then, the pandemic has led to quarantines, facility closures, and travel and logistics restrictions that have hurt workforces, economies, and financial markets. These events could adversely affect the Organization by reducing the funding it receives, limiting program operations, depressing demand for its services, and disrupting its government, corporate, non-profit, and other partners as well as its staff and suppliers. As of the date of these financial statements, the potential impact of these events on the Organization cannot be quantified.

Subsequent to year ended NYDIS obtained a loan from the SBA in the amount of \$459,225 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a five-year period, with a six-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

Management has evaluated the impact of all subsequent events through November 12, 2020, which is the date that the financial statements were available to be issued. No other events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.