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# **NEW YORK DISASTER INTERFAITH SERVICES**

**Audited Financial Statements**

**December 31, 2017**

## **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, 2017, 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.

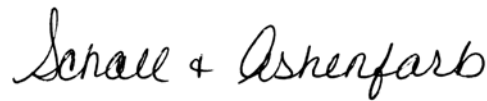
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2017, 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 the NYDIS's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



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Schall & Ashenfarb  
Certified Public Accountants, LLC

November 14, 2018

**NEW YORK DISASTER INTERFAITH SERVICES**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2017**  
(With comparative totals for the year ended December 31, 2016)

	<u>12/31/17</u>	<u>12/31/16</u>
<b>Assets</b>		
Cash and cash equivalents	\$590,824	\$544,113
Contract revenue receivable	1,394,019	357,085
Government and contributions receivable	140,343	119,967
Prepaid expenses	9,637	23,574
Restricted cash - escrow (Note 3)	1,057,548	233,789
Fixed assets (Note 4)	4,550	5,683
Investments - deferred compensation plan (Note 2f)	10,746	0
Security deposits (Note 5)	<u>270,233</u>	<u>21,546</u>
Total assets	<u><u>\$3,477,900</u></u>	<u><u>\$1,305,757</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$190,345	\$388,155
Refundable advances	777,231	251,236
Security deposits payable (Note 5)	270,233	0
Line of credit (Note 6)	390,000	0
Deferred compensation payable (Note 9)	<u>10,746</u>	<u>0</u>
Total liabilities	<u><u>1,638,555</u></u>	<u><u>639,391</u></u>
Net assets:		
Unrestricted:		
Operations	334,198	628,027
Board designated (Note 2b)	<u>1,425,800</u>	<u>0</u>
Total unrestricted	<u>1,759,998</u>	<u>628,027</u>
Temporarily restricted (Note 3)	<u>79,347</u>	<u>38,339</u>
Total net assets	<u><u>1,839,345</u></u>	<u><u>666,366</u></u>
Total liabilities and net assets	<u><u>\$3,477,900</u></u>	<u><u>\$1,305,757</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, 2017**  
(With comparative totals for the year ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 12/31/17</u>	<u>Total 12/31/16</u>
Public support and revenue:				
Government grants	\$930,084		\$930,084	\$407,088
Contract revenue	6,381,716		6,381,716	1,115,706
Contributions	270,077	\$169,774	439,851	1,043,996
Membership dues	27,140		27,140	17,250
Donated goods (Note 2k)	612,826		612,826	0
In-kind legal services (Note 2k)	454,512		454,512	150,918
Other income	14,996		14,996	13,040
Net assets released from restrictions (Note 7)	128,766	(128,766)	0	0
	<u>8,820,117</u>	<u>41,008</u>	<u>8,861,125</u>	<u>2,747,998</u>
Expenses:				
Program services	6,628,755		6,628,755	2,057,054
Supporting services:				
Management and general	1,011,324		1,011,324	493,918
Fundraising	48,067		48,067	30,555
Total supporting services	<u>1,059,391</u>	<u>0</u>	<u>1,059,391</u>	<u>524,473</u>
	<u>7,688,146</u>	<u>0</u>	<u>7,688,146</u>	<u>2,581,527</u>
Change in net assets	1,131,971	41,008	1,172,979	166,471
Net assets - beginning of year	<u>628,027</u>	<u>38,339</u>	<u>666,366</u>	<u>499,895</u>
Net assets - end of year	<u><u>\$1,759,998</u></u>	<u><u>\$79,347</u></u>	<u><u>\$1,839,345</u></u>	<u><u>\$666,366</u></u>

*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, 2017**  
(With comparative totals for the year ended December 31, 2016)

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses 12/31/17</u>	<u>Total Expenses 12/31/16</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Salaries	\$1,296,503	\$293,083	\$31,115	\$324,198	\$1,620,701	\$756,117
Payroll taxes and benefits	284,728	64,365	6,834	71,199	355,927	171,778
Total personnel services	<u>1,581,231</u>	<u>357,448</u>	<u>37,949</u>	<u>395,397</u>	<u>1,976,628</u>	<u>927,895</u>
Cash assistance	3,937,018			0	3,937,018	1,064,838
Program expenses-/donated goods (Note 2k)	612,826			0	612,826	0
Professional fees	36,500	519,512	488	520,000	556,500	248,895
Rent	88,494	20,004	2,124	22,128	110,622	72,014
Telephone	46,223	10,449	1,109	11,558	57,781	31,679
Computer	33,736	2,201	233	2,434	36,170	27,757
Office supplies	28,136	13,760	676	14,436	42,572	20,890
Insurance	47,349	10,705	1,136	11,841	59,190	45,170
Travel	60,724	13,727	1,457	15,184	75,908	28,406
Conferences and workshops	50,790	31,941	485	32,426	83,216	23,162
Repairs and maintenance	65,218	14,745	1,564	16,309	81,527	60,354
Food	10,233	2,313	246	2,559	12,792	13,783
Miscellaneous	29,371	14,314	578	14,892	44,263	16,283
Depreciation	906	205	22	227	1,133	401
Total expenses	<u><u>\$6,628,755</u></u>	<u><u>\$1,011,324</u></u>	<u><u>\$48,067</u></u>	<u><u>\$1,059,391</u></u>	<u><u>\$7,688,146</u></u>	<u><u>\$2,581,527</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, 2017**  
(With comparative totals for the year ended December 31, 2016)

	<u>12/31/17</u>	<u>12/31/16</u>
Cash flows from operating activities:		
Change in net assets	\$1,172,979	\$166,471
Adjustments to reconcile change in net assets to net cash flows (used for)/provided by operating activities:		
Depreciation	1,133	401
Changes in assets and liabilities:		
Contract revenue receivable	(1,036,934)	(414,715)
Government and contribution receivable	(20,376)	(11,807)
Prepaid expenses	13,937	(7,733)
Restricted cash - escow	(823,759)	(233,789)
Security deposits	(248,687)	(21,546)
Accounts payable and accrued expenses	(197,810)	328,887
Refundable advances	525,995	251,236
Security deposits - payable	270,233	0
Total adjustments	<u>(1,516,268)</u>	<u>(109,066)</u>
Net cash (used for)/provided by operating activities	<u>(343,289)</u>	<u>57,405</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>0</u>	<u>(6,084)</u>
Net cash used for investing activities	<u>0</u>	<u>(6,084)</u>
Cash flows from financing activities:		
Repayment of line of credit	(390,000)	0
Proceeds from line of credit	780,000	0
Net cash provided by financing activities	<u>390,000</u>	<u>0</u>
Net increase in cash and cash equivalents	46,711	51,321
Cash and cash equivalents, beginning of year	<u>544,113</u>	<u>492,792</u>
Cash and cash equivalents, end of year	<u><u>\$590,824</u></u>	<u><u>\$544,113</u></u>
Supplemental disclosure of cash flow information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

*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, 2017**

**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.

b. Financial Statement Presentation

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

- *Unrestricted* – represents all activity that has not been restricted by donors or applicable law. The board of directors has established a strategic reserve of \$1,425,800, representing 80% of paid invoices received from existing contracts. These funds are currently designated to cover certain future program costs that may be incurred during the term of the contract or its closeout.
- *Temporarily restricted* – represents donor-restricted contributions that make clear the asset restriction, either due to a program nature or the passage of time.
- *Permanently restricted* – represents activity restricted by donors that must remain intact in perpetuity. NYDIS had no permanently restricted net assets at December 31, 2017 or 2016.

c. Cash and Cash Equivalents

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



d. 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.

e. Fixed Assets, Net

Fixed assets that exceed pre-determined amounts 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.

f. 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.

g. Government Grants

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received as of the end of the year and revenue earned related to each individual grant is classified as grants receivable or grant advances.

Grants receivable are reviewed for collectibility. Management has not established a reserve for uncollectible pledges as they deem all grants to be collectible. As of December 31, 2017, all government grants receivable were due within one year.

h. Contributions

NYDIS reports contributions at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily

restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are not included as support until the conditions are substantially met.

i. Membership Dues/Deferred Membership

Membership dues are recognized in the period in which they apply. Membership dues that have been collected in advance of being recognized are reflected as deferred revenue.

j. Contract Revenue

Contract revenue is recognized on the accrual basis in the period during which services are provided. Payments received in advance are recorded as deferred income. Contract fees receivable reflect amounts billed that have not been collected as of year-end. All contract fees receivable are due within one year.

k. 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 \$454,512 and \$150,918, during years ended 2017 and 2016, respectively.

Donated goods are recorded at the estimated fair value at the date of gift. During 2017, NYDIS received donated clothing and home goods with an estimated fair value of \$612,826.

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.

l. 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.

m. 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.

n. 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, 2014 and later are subject to examination by applicable taxing authorities.

o. 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, 2016, from which the summarized information was derived. Certain reclasses have been made to conform to current year presentation.

p. Subsequent Events

NYDIS has evaluated events and transactions for potential recognition or disclosure through November 14, 2018, which is the date the financial statements were available to be issued. No 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.

q. New Accounting Pronouncements

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2020 year, 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.

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>12/31/17</u>	<u>12/31/16</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>(92,380)</u>	<u>(91,247)</u>
Total fixed assets, net	<u>\$4,550</u>	<u>\$5,683</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 - Line of Credit**

NYDIS received an interest free line of credit from an unrelated third-party organization for \$390,000. The full amount was drawn and repaid on August 31, 2017.

On December 22, 2017, NYDIS received a second interest free line of credit for the same amount from the same organization, with a due date of June 29, 2018. As of the report date, the full amount was drawn on.

**Note 7 - Temporarily Restricted Net Assets**

Activity in the temporarily restricted class of net assets is as follows:

	<u>December 31, 2017</u>			
	<u>Beginning Balance 1/1/17</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Ending Balance 12/31/17</u>
Program restricted:				
Hurricane Maria Relief	\$0	\$137,209	(\$60,208)	\$77,001
Hurricane Sandy Relief	<u>38,339</u>	<u>32,565</u>	<u>(68,558)</u>	<u>2,346</u>
Total	<u>\$38,339</u>	<u>\$169,774</u>	<u>(\$128,766)</u>	<u>\$79,347</u>

	<u>December 31, 2016</u>			
	<u>Beginning Balance 1/1/16</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Ending Balance 12/31/16</u>
Program restricted:				
Hurricane Sandy Relief	<u>\$353,477</u>	<u>\$1,015,328</u>	<u>(\$1,330,466)</u>	<u>\$38,339</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 - 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 \$10,746 at December 31, 2017.

**Note 10 - 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 \$32,600 and \$27,400, for the years ended December 31, 2017 and 2016 respectively.

**Note 11 - Significant Concentrations**

During the year ended December 31, 2017, NYDIS recognized a subcontract of a contract from NYC HRO that amounted to 72% of total revenue.