

NEW YORK DISASTER INTERFAITH SERVICES

Audited Financial Statements

December 31, 2021

Independent Auditors' Report

To the Board of Directors of
New York Disaster Interfaith Services

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NYDIS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditors' 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.


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 NYDIS' 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 NYDIS' 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.

Report on Summarized Comparative Information

We have previously audited NYDIS' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

October 18, 2022

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2021
(With comparative totals at December 31, 2020)

	<u>12/31/21</u>	<u>12/31/20</u>
Assets		
Cash and cash equivalents	\$657,330	\$1,835,847
Contract revenue receivable, net	111,107	180,288
Government grants and contributions receivable	68,547	123,197
Prepaid expenses	45,458	16,855
Restricted cash - escrow (Note 3)	270,375	270,362
Fixed assets (Note 4)	367	1,151
Investments - deferred compensation plan (Note 2g)	62,721	48,557
	<u>1,215,905</u>	<u>2,476,257</u>
Total assets		
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$69,845	\$49,727
Deferred compensation payable (Notes 2g and 5)	62,721	48,557
Total liabilities	<u>132,566</u>	<u>98,284</u>
Net assets:		
Without donor restrictions:		
Operations	42,817	595,948
Strategic reserve (Note 2b)	500,000	500,000
Total unrestricted	<u>542,817</u>	<u>1,095,948</u>
With donor restrictions (Note 6)	540,522	1,282,025
Total net assets	<u>1,083,339</u>	<u>2,377,973</u>
Total liabilities and net assets	<u>1,215,905</u>	<u>2,476,257</u>

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

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/21</u>	<u>Total 12/31/20</u>
Public support and revenue:				
Government grants	\$108,333		\$108,333	\$131,083
Paycheck Protection Program loan (Note 7)			0	459,225
Contract revenue	430,073		430,073	815,703
Contributions	265,227	\$3,107,000	3,372,227	3,554,754
Donated goods (Note 2h)			0	2,800,000
In-kind legal services (Note 2h)			0	93,340
Other income	62,995		62,995	22,307
Net assets released from restrictions (Note 6)	3,848,503	(3,848,503)	0	0
	<u>4,715,131</u>	<u>(741,503)</u>	<u>3,973,628</u>	<u>7,876,412</u>
Total public support and revenue				
Expenses:				
Program services	4,966,206		4,966,206	6,659,057
Supporting services:				
Management and general	269,918		269,918	564,701
Fundraising	32,138		32,138	39,398
Total supporting services	<u>302,056</u>	<u>0</u>	<u>302,056</u>	<u>604,099</u>
Total expenses	<u>5,268,262</u>	<u>0</u>	<u>5,268,262</u>	<u>7,263,156</u>
Change in net assets	(553,131)	(741,503)	(1,294,634)	613,256
Net assets - beginning of year	<u>1,095,948</u>	<u>1,282,025</u>	<u>2,377,973</u>	<u>1,764,717</u>
Net assets - end of year	<u><u>\$542,817</u></u>	<u><u>\$540,522</u></u>	<u><u>\$1,083,339</u></u>	<u><u>\$2,377,973</u></u>

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

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

	Supporting Services			Total Supporting Services	Total Expenses 12/31/21	Total Expenses 12/31/20
	Program Services	Management and General	Fundraising			
Salaries	\$507,293	\$108,618	\$18,106	\$126,724	\$634,017	\$1,326,709
Payroll taxes and benefits	143,397	30,700	5,118	35,818	179,215	345,057
Total personnel services	<u>650,690</u>	<u>139,318</u>	<u>23,224</u>	<u>162,542</u>	<u>813,232</u>	<u>1,671,766</u>
Cash assistance	3,878,435			0	3,878,435	2,019,086
Professional fees	149,726	66,441	257	66,698	216,424	87,599
Rent	82,795	17,727	2,954	20,681	103,476	138,953
Telephone	32,585	6,976	1,163	8,139	40,724	46,385
Computers	25,932	1,518	252	1,770	27,702	30,730
Office supplies	20,727	4,903	740	5,643	26,370	26,710
Insurance	20,066	6,033	717	6,750	26,816	21,246
Travel	11,311	4,032	232	4,264	15,575	37,520
Conferences and training	3,563	69	11	80	3,643	9,576
Repairs and maintenance	27,854	5,964	994	6,958	34,812	69,804
Food	731	4,228	705	4,933	5,664	6,818
Other expenses	58,364	11,975	766	12,741	71,105	65,649
Events and sponsorships	2,800	600	100	700	3,500	22,750
Uncollectible receivables and disallowances				0	0	114,091
Depreciation	627	134	23	157	784	1,133
Total expenses before in-kind legal expense and donated goods	<u>4,966,206</u>	<u>269,918</u>	<u>32,138</u>	<u>302,056</u>	<u>5,268,262</u>	<u>4,369,816</u>
Distribution of donated goods (Note 2h)				0	0	2,800,000
In-kind legal expense (Note 2h)				0	0	93,340
Total expenses	<u><u>\$4,966,206</u></u>	<u><u>\$269,918</u></u>	<u><u>\$32,138</u></u>	<u><u>\$302,056</u></u>	<u><u>\$5,268,262</u></u>	<u><u>\$7,263,156</u></u>

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

NEW YORK DISASTER INTERFAITH SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

	12/31/21	12/31/20
Cash flows from operating activities:		
Change in net assets	(\$1,294,634)	\$613,256
Adjustments to reconcile change in net assets to net cash flows (used for)/provided by operating activities:		
Depreciation	784	1,133
Changes in assets and liabilities:		
Contract revenue receivable	69,181	531,302
Government grants and contributions receivable	54,650	(105,937)
Prepaid expenses	(28,603)	5,813
Security deposits	0	155,616
Accounts payable and accrued expenses	20,118	(125,644)
Security deposits payable	0	(155,616)
Total adjustments	116,130	306,667
Net cash (used for)/provided by operating activities/ net (decrease)/increase in cash and cash equivalents	(1,178,504)	919,923
Cash, cash equivalents and restricted cash - beginning of year	2,106,209	1,186,286
Cash, cash equivalents and restricted cash - end of year	\$927,705	\$2,106,209
Cash, cash equivalents and restricted cash consists of:		
Cash and cash equivalents	\$657,330	\$1,835,847
Restricted cash	270,375	270,362
Total cash, cash equivalents and restricted cash	\$927,705	\$2,106,209
Supplemental disclosure of cash flow information:		
Interest and taxes paid	\$0	\$0

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

NEW YORK DISASTER INTERFAITH SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 public health emergencies and other natural disasters. 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 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. Basis of 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, which has \$500,000 as of December 31, 2021 and 2020. 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 follows Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) 958-606 for recognizing revenue from contracts with customers. NYDIS has contract revenue that fall under FASB ASC 958-606. Each source of revenue is analyzed to determine that there is a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

Revenue from contracts is for training and assistance services. The revenue is recognized at the point in time that the service is provided, and the performance obligation is complete. Payments received in advance of the completion of the earning process are reported as deferred revenue.

NYDIS follows FASB ASC 958-605 for recording contributions, which 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 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 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. During the year ended December 31, 2021, NYDIS received one conditional pledge totaling \$100,000, of which \$35,000 has not yet been recognized, but will be recorded as revenue when the condition has been met.

Government grants are primarily conditional, non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is 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 government grants advances.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Management has reviewed the collectability of all receivables, factoring in judgement about the creditworthiness and age of the receivable, as well as historical experience. Based on that evaluation, management has established a reserve for uncollectible contract revenue receivables of \$20,000 for the year ended December 31, 2021.

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 a 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

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 Goods and Services

Donated goods and services that 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, are recognized at fair value. NYDIS did not receive any in-kind goods or services during 2021. NYDIS received contributed legal services valued at \$93,340 during 2020. During 2020, NYDIS received and distributed masks and sanitizer at approximately \$2,800,000 valued at fair value.

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 taxes and benefits
- Rent
- Telephone
- Computers
- Office supplies
- Insurance
- Travel
- Repairs and maintenance
- 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, 2018 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' financial statements for the year ended December 31, 2020, from which the summarized information was derived.

m. New Accounting Pronouncements

FASB issued Accounting Standards Update ("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. 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.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 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

Fixed assets consist of the following:

	<u>12/31/21</u>	<u>12/31/20</u>
Computers - 5 years	\$46,684	\$46,684
Office equipment - 5 years	33,674	33,674
Furniture - 7 years	<u>16,572</u>	<u>16,572</u>
	96,930	96,930
Less: accumulated depreciation	<u>(96,563)</u>	<u>(95,779)</u>
Total fixed assets, net	<u>\$367</u>	<u>\$1,151</u>

Note 5 - 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 amount contributed into the plan during the year ended December 31, 2021 totaled \$13,625.

Note 6 - Net Assets With Donor Restrictions

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

	<u>December 31, 2021</u>			
	Beginning Balance <u>1/1/21</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/21</u>
Program restricted:				
Hurricane Maria Recovery	\$1,000	\$0	(\$1,000)	\$0
COVID-19 Assistance	1,219,503	2,580,000	(3,647,227)	152,276
Hurricane Ida Recovery	0	206,000	(46,467)	159,533
Vaccine Education Outreach	0	70,000	(29,837)	40,163
Emergency Food & Shelter	<u>61,522</u>	<u>251,000</u>	<u>(123,972)</u>	<u>188,550</u>
Total	<u>\$1,282,025</u>	<u>\$3,107,000</u>	<u>(\$3,848,503)</u>	<u>\$540,522</u>

	<u>December 31, 2020</u>			
	Beginning Balance <u>1/1/20</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/20</u>
Program restricted:				
Hurricane Maria Recovery	\$20,000	\$0	(\$19,000)	\$1,000
COVID-19 Assistance	0	2,830,000	(1,610,497)	1,219,503
Emergency Food & Shelter	<u>0</u>	<u>76,000</u>	<u>(14,478)</u>	<u>61,522</u>
Total	<u>\$20,000</u>	<u>\$2,906,000</u>	<u>(\$1,643,975)</u>	<u>\$1,282,025</u>

Note 7 - Paycheck Protection Program Loan

During the year ended December 31, 2020, NYDIS obtained a loan from the Small Business Administration (“SBA”) in the amount of \$459,225 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. NYDIS accounted for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605. The conditions for forgiveness of the loan were met during the year ended December 31, 2020 and accordingly recorded as revenue. On February 17, 2021, the loan was formally forgiven by the SBA.

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.
- c. Subsequent to year end, NYDIS was awarded a judgement in the amount of \$37,635 in connection with legal proceedings it had brought against an outside party. In connection with these proceedings, NYDIS has incurred \$56,297 in legal fees through December 31, 2021. NYDIS is anticipating that a portion of these legal fees will be reimbursed by the outside party in connection with the final legal settlement.

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 \$30,201 and \$57,900, for the years ended December 31, 2021 and 2020, respectively.

Note 10 - Liquidity and Availability of Financial Resources

The following reflects NYDIS' financial assets at December 31, 2021, 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	\$657,330	
Contract revenue receivable, net	111,107	
Government and contributions receivable	<u>68,547</u>	
Total financial assets		\$836,984
Less amounts not available to be used within one year:		
Board strategic reserve	(296,462)	
Contributions restricted – purpose restrictions	<u>(540,522)</u>	
Total amounts not available for general expenditures		<u>(836,984)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$0</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 11 - Subsequent Events

Subsequent events have been evaluated through October 18, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

Note 12 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which NYDIS operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.