

Amudim Community Resources, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019



Amudim Community Resources, Inc.

December 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Amudim Community Resources, Inc.
New York, New York

We have audited the accompanying financial statements of Amudim Community Resources, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 entity'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 entity'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.

Board of Directors
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amudim Community Resources, Inc. as of December 31, 2020 and 2019, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

New York, New York
September 13, 2021

Amudim Community Resources, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 3,327,843	\$ 1,903,272
Contributions receivable - current (net of allowance for doubtful accounts of \$729,188 in 2020 and \$800,000 in 2019)	3,568,295	2,181,786
Prepaid expenses	2,684	39,715
Property and equipment, net	30,596	27,029
Security deposits	5,093	5,093
Total assets	\$ 6,934,511	\$ 4,156,895
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 312,268	\$ 198,399
Loans payable	295,823	26,040
Total liabilities	608,091	224,439
 Net Assets - Without Donor Restrictions	 6,326,420	 3,932,456
Total liabilities and net assets	\$ 6,934,511	\$ 4,156,895

Amudim Community Resources, Inc.
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020	2019
Revenues and Other Support Without Donor Restrictions		
Contributions	\$ 8,898,507	\$ 6,428,194
Foundation and government grants	332,649	512,266
In-kind rent	103,678	-
Interest	285	359
Total revenues and other support without donor restrictions	9,335,119	6,940,819
Expenses		
Program services		
Crisis intervention	5,652,079	4,618,755
Supporting services		
Management and general	821,707	1,408,148
Fundraising	467,369	365,992
Total supporting services	1,289,076	1,774,140
Total expenses	6,941,155	6,392,895
Change in Net Assets Without Donor Restrictions	2,393,964	547,924
Net Assets - Without Donor Restrictions, Beginning of Year	3,932,456	3,384,532
Net Assets - Without Donor Restrictions, End of Year	\$ 6,326,420	\$ 3,932,456

Amudim Community Resources, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				
	Program Services	Supporting Services			Total
	Crisis Intervention	Management and		Fundraising	
		General			
Salaries and related expenses	\$ 1,535,617	\$ 366,711	\$ 79,156	\$ 1,981,484	
Grant expense	718,534	-	-	718,534	
Advertising and public awareness	453,169	4,000	69,475	526,644	
Professional fees	378,993	37,111	77,012	493,116	
Technology	27,996	144,684	2,625	175,305	
Occupancy	106,179	37,373	-	143,552	
Supplies	9,596	4,896	-	14,492	
Postage and printing	45,851	1,949	67,868	115,668	
Travel	80,949	7,920	-	88,869	
Insurance	24,885	8,244	-	33,129	
Educational expenses	43,353	-	-	43,353	
Office, program and other	89,838	97,803	12,209	199,850	
Staff training and development	62,065	98,510	-	160,575	
Rehabilitation fees	2,047,736	-	-	2,047,736	
Depreciation	-	9,128	-	9,128	
Credit card and other fees	27,318	3,378	35,990	66,686	
	<u>5,652,079</u>	<u>821,707</u>	<u>344,335</u>	<u>6,818,121</u>	
Total expenses by function					
Direct cost of special events	-	-	123,034	123,034	
	<u>-</u>	<u>-</u>	<u>123,034</u>	<u>123,034</u>	
Total expenses included in the expense section on the statements of activities	<u>\$ 5,652,079</u>	<u>\$ 821,707</u>	<u>\$ 467,369</u>	<u>\$ 6,941,155</u>	

Amudim Community Resources, Inc.
Statements of Functional Expenses (Continued)
Years Ended December 31, 2020 and 2019

	2019				
	Program Services	Supporting Services			Total
	Crisis Intervention	Management and		Fundraising	
		General	Fundraising		
General		Fundraising			
Salaries and related expenses	\$ 1,508,179	\$ 281,644	\$ 57,064	\$ 1,846,887	
Grant expense	776,144	-	-	776,144	
Advertising and public awareness	243,752	-	50,352	294,104	
Professional fees	30,000	81,172	-	111,172	
Technology	91,595	45,412	-	137,007	
Occupancy	135,519	23,915	-	159,434	
Supplies	18,281	6,094	-	24,375	
Postage and printing	57,980	-	42,319	100,299	
Travel	43,971	40,026	1,248	85,245	
Insurance	8,448	24,432	-	32,880	
Educational expenses	161,686	-	-	161,686	
Office, program and other	12,468	10,917	215,009	238,394	
Staff training and development	85,395	61,407	-	146,802	
Rehabilitation fees	1,424,832	-	-	1,424,832	
Depreciation	-	7,543	-	7,543	
Credit card and other fees	20,505	25,586	-	46,091	
	4,618,755	608,148	365,992	5,592,895	
Total expenses, before provision for uncollectable contributions	4,618,755	608,148	365,992	5,592,895	
Provision for uncollectable contributions	-	800,000	-	800,000	
Total expenses included in the expense section on the statements of activities	<u>\$ 4,618,755</u>	<u>\$ 1,408,148</u>	<u>\$ 365,992</u>	<u>\$ 6,392,895</u>	

Amudim Community Resources, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 2,393,964	\$ 547,924
Items not requiring (providing) operating cash flows		
Depreciation	9,128	7,543
Provision for doubtful accounts	-	800,000
Changes in		
Contributions receivable	(1,386,509)	(631,639)
Prepaid expenses	37,031	(39,715)
Security deposits	-	(1,700)
Accounts payable and accrued expenses	113,869	15,105
	<u>1,167,483</u>	<u>697,518</u>
Investing Activities		
Purchase of property and equipment	(12,695)	(9,475)
	<u>(12,695)</u>	<u>(9,475)</u>
Financing Activities		
Proceeds from loans payable	285,323	-
Repayments of loans payable	(15,540)	(4,500)
	<u>269,783</u>	<u>(4,500)</u>
Change in Cash	1,424,571	683,543
Cash, Beginning of Year	<u>1,903,272</u>	<u>1,219,729</u>
Cash, End of Year	<u>\$ 3,327,843</u>	<u>\$ 1,903,272</u>

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 1: Nature of Operations and Summary of Significant Account Policies

Nature of Operations

Amudim Community Resources, Inc. (Amudim) is a nonprofit organization providing crisis intervention and case management for individuals suffering from addiction, victims of sexual abuse and youth at risk.

Amudim is supported primarily by contributions.

Income Taxes

Amudim has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been held to be a publicly supported organization, and not a private foundation under Section 509(a). However, Amudim is subject to federal income tax on any unrelated business taxable income. Amudim files tax returns in the U.S. federal jurisdiction.

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 and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

Amudim determines whether an allowance of uncollectibles should be provided for contributions and accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables and other sources, current economic conditions and historical information. Contributions and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Provision for uncollectable contributions is charged if the receivable is determined to be uncollectible based on periodic review by management.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Items with a cost in excess of \$5,000 and an estimated useful life of greater than one year are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed on the straight-line method over the shorter of the estimated useful lives of the assets or the term of the lease.

Estimated useful lives are as follows:

Leasehold improvements	5 years
Furniture and equipment	7 years

Amudim Community Resources, Inc.

Notes to Financial Statements

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Long-Lived Asset Impairment

Amudim evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restriction are available for use in general operations and not subject to donor restrictions.

Contributions

Contributions are provided to Amudim either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Amudim overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

Amudim Community Resources, Inc.

Notes to Financial Statements

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When a donor-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 statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as Amudim meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Advertising

Advertising costs are expensed in the year they are incurred.

Rent Expense

Rent expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis. The functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the actual expenditures and cost allocations estimated by Amudim's personnel, based on hours worked and other methods.

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2020 and 2019

Note 2: Grant Reimbursement Receivable and Future Commitments

Amudim receives grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of Amudim are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2020 have been recorded as receivables. The following are grant commitments that extend beyond December 31, 2020:

Grant	Term	Grant Amount	Earned Through 12/31/2020	Funding Still Available
FPHNY	7/1/2020-6/30/2021	<u>\$ 40,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>

Note 3: Property and Equipment

	2020	2019
Leasehold improvements	\$ 29,010	\$ 29,010
Furniture and equipment	<u>29,620</u>	<u>16,925</u>
	58,630	45,935
Accumulated depreciation	<u>(28,034)</u>	<u>(18,906)</u>
	<u>\$ 30,596</u>	<u>\$ 27,029</u>

Note 4: Loans Payable

Amudim has uncollateralized loans from individuals unrelated to the organization. The loans are interest free and there are no specific repayment terms. The balance of the loans at December 31, 2020 and 2019 was \$30,540 and \$26,040, respectively.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On May 1, 2020, Amudim received a loan in the amount of \$280,823 pursuant to the Paycheck Protection Program (PPP). Amudim has elected to account for the funding as a loan in accordance with Accounting Standards Codification Topic 470, *Debt*. The loan is due two years from the date of the first disbursement under the loan and has a fixed interest rate of 1 percent per year. Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized. Subsequent to year end, the PPP loan was fully forgiven.

Amudim Community Resources, Inc.

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Subsequent to year-end, on February 25, 2021, Amudim received a second PPP loan in the amount of \$424,605. The loan is due five years from the date of the first disbursement under the loan and has a fixed interest rate of 1 percent per year. A portion of the loan may be forgiven; however as of the date of this report any amount of forgiveness is unable to be determined.

Note 5: Occupancy

Amudim leases space for its operations. Rent expense for the years ended December 31, 2020 and 2019 was \$143,552 and 141,224, respectively, including in-kind rent of \$103,678 received for the period of April through December 2020. The noncancelable lease agreement for rental of office space expires in June 2023.

The following are the minimum annual lease payments including utilities to be made:

2021	\$	125,437
2022		128,297
2023		<u>64,872</u>
Total	\$	<u>318,606</u>

Note 6: Concentrations

Financial instruments which potentially subject Amudim to a concentration of credit risk are cash accounts with a financial institution in excess of FDIC insurance limits.

The amount of cash in excess of FDIC insurance limits was approximately \$3,076,000 as of December 31, 2020.

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,327,843	\$ 1,903,272
Contributions receivable	<u>3,568,295</u>	<u>2,181,786</u>
Total financial assets	<u>6,896,138</u>	<u>4,085,058</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,896,138</u>	<u>\$ 4,085,058</u>

Amudim Community Resources, Inc.

Notes to Financial Statements

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Amudim manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Amudim monitors its liquidity and cash flow on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to 90 days of general expenditures.

Note 8: Subsequent Events

Subsequent events have been evaluated through September 13, 2021, which is the date the financial statements were available to be issued.

Note 9: Future Change in Accounting Principle

New Lease Accounting Standard

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. Amudim is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.