

Amudim Community Resources, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

Amudim Community Resources, Inc.

December 31, 2021 and 2020

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Amudim Community Resources, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Amudim Community Resources, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Amudim Community Resources, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Amudim Community Resources, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Amudim Community Resources, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

FORVIS,LLP

New York, New York
November 10, 2022

Amudim Community Resources, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 5,439,632	\$ 3,327,843
Grants and contributions receivable - current (net of allowance for doubtful accounts of \$729,188 in 2021 and 2020)	3,557,248	3,568,295
Prepaid expenses	71,838	2,684
Property and equipment, net	20,567	30,596
Escrow deposit	100,000	-
Security deposits	1,700	5,093
Total assets	\$ 9,190,985	\$ 6,934,511
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 442,169	\$ 312,268
Loans payable	439,605	295,823
Total liabilities	881,774	608,091
 Net Assets - Without Donor Restrictions	 8,309,211	 6,326,420
Total liabilities and net assets	\$ 9,190,985	\$ 6,934,511

Amudim Community Resources, Inc.
Statements of Activities
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and Other Support Without Donor Restrictions		
Contributions and special events	\$ 8,658,123	\$ 8,898,507
Less direct cost of special events	(200,545)	(123,034)
Foundation and government grants	194,997	332,649
Curriculum license fees	87,000	-
In-kind rent	85,131	103,678
Interest	171	285
Forgiveness of loan	280,823	-
	<u>9,105,700</u>	<u>9,212,085</u>
Total revenues and other support without donor restrictions		
Expenses		
Program services		
Crisis intervention	<u>5,778,459</u>	<u>5,652,079</u>
Supporting services		
Management and general	773,912	821,707
Fundraising	<u>570,538</u>	<u>344,335</u>
	<u>1,344,450</u>	<u>1,166,042</u>
Total supporting services		
	<u>7,122,909</u>	<u>6,818,121</u>
Total expenses		
Change in Net Assets Without Donor Restrictions	1,982,791	2,393,964
Net Assets - Without Donor Restrictions, Beginning of Year	<u>6,326,420</u>	<u>3,932,456</u>
Net Assets - Without Donor Restrictions, End of Year	<u>\$ 8,309,211</u>	<u>\$ 6,326,420</u>

Amudim Community Resources, Inc.
Statements of Functional Expenses
Years Ended December 31, 2021 and 2020

	2021			
	Program Services	Supporting Services		
	Crisis Intervention	Management and General	Fundraising	Total
Salaries and related expenses	\$ 1,938,343	\$ 412,038	\$ 59,885	\$ 2,410,266
Grant expense	651,997	-	-	651,997
Advertising and public awareness	335,780	-	237,912	573,692
Professional fees	345,578	82,678	107,665	535,921
Technology	36,862	107,965	44,138	188,965
Occupancy	109,174	38,359	-	147,533
Supplies	7,046	5,577	305	12,928
Postage and printing	30,529	2,370	33,483	66,382
Travel	402,137	3,412	1,458	407,007
Insurance	21,700	8,162	-	29,862
Educational expenses	48,799	-	-	48,799
Office, program, and other	120,649	85,741	50,274	256,664
Staff training and development	5,255	9,087	-	14,342
Rehabilitation fees	1,683,074	-	-	1,683,074
Entertainment and food	-	-	200,545	200,545
Depreciation	-	10,029	-	10,029
Credit card and other fees	41,536	8,494	35,418	85,448
	5,778,459	773,912	771,083	7,323,454
Total expenses by function				
Less direct cost of special events	-	-	(200,545)	(200,545)
Total expenses included in the expense section on the statements of activities	\$ 5,778,459	\$ 773,912	\$ 570,538	\$ 7,122,909

Amudim Community Resources, Inc.
Statements of Functional Expenses (Continued)
Years Ended December 31, 2021 and 2020

	2020				
	Program Services	Supporting Services			Total
	Crisis Intervention	Management and General	Fundraising		
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	
Entertainment and food	-	-	123,034	123,034	
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>467,369</u>	<u>6,941,155</u>	
Total expenses by function					
Less 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>\$ 344,335</u>	<u>\$ 6,818,121</u>	

Amudim Community Resources, Inc.
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 1,982,791	\$ 2,393,964
Items not requiring (providing) operating cash flows		
Depreciation	10,029	9,128
Forgiveness of loan	(280,823)	-
Changes in		
Grants and contributions receivable	11,047	(1,386,509)
Prepaid expenses	(69,154)	37,031
Security deposits	3,393	-
Accounts payable and accrued expenses	129,901	113,869
Net cash provided by operating activities	1,787,184	1,167,483
Investing Activities		
Escrow deposit	(100,000)	-
Purchase of property and equipment	-	(12,695)
Net cash used in investing activities	(100,000)	(12,695)
Financing Activities		
Proceeds from loans payable	424,605	285,323
Repayments of loans payable	-	(15,540)
Net cash provided by financing activities	424,605	269,783
Change in Cash	2,111,789	1,424,571
Cash, Beginning of Year	3,327,843	1,903,272
Cash, End of Year	\$ 5,439,632	\$ 3,327,843

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

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 uncollectible 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

December 31, 2021 and 2020

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, 2021 and 2020.

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

December 31, 2021 and 2020

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 statements 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.

Curriculum Licensing Fees

Revenue from curriculum licensing fees is recognized at the time that the goods are provided to the customer. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which Amudim expects to be entitled in exchange for providing customers the curriculum for them to use.

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, 2021 and 2020

Reclassifications

Reclassifications have been made to the 2020 financial statements relating to the presentation of direct cost of special events to conform to the 2021 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Revenue from Contracts with Customers

Curriculum Licensing Fees

Performance obligations are determined based on the nature of the goods provided by Amudim in accordance with the contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the customers at a single point in time and Amudim does not believe it is required to provide additional goods or services related to that sale.

Transaction Price and Recognition

Amudim determines the transaction price based on standard charges for goods provided. Amudim does not have any implicit price concessions as typically payment is due prior to goods being provided.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

Amudim has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected customers that have different reimbursement and payment methodologies.

For the year ended December 31, 2021, Amudim recognized revenue of \$87,000 from goods that transfer to the customer at a point in time.

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 3: 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, 2021 and 2020 have been recorded as receivables. The following are grant commitments that extend beyond December 31, 2021:

Grant	Term	Grant Amount	Earned Through 12/31/2021	Funding Still Available
MHAT	9/30/21 - 9/29/26	\$ 625,000	\$ 23,407	\$ 601,593
DOVE	7/01/21 - 6/30/22	55,000	27,500	27,500
		<u>\$ 680,000</u>	<u>\$ 50,907</u>	<u>\$ 629,093</u>

Note 4: Property and Equipment

	2021	2020
Leasehold improvements	\$ 29,010	\$ 29,010
Furniture and equipment	29,625	29,625
	58,635	58,635
Accumulated depreciation	<u>(38,068)</u>	<u>(28,039)</u>
	<u>\$ 20,567</u>	<u>\$ 30,596</u>

Note 5: 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, 2021 and 2020 was \$15,000.

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). The loan was fully forgiven on May 4, 2021 and was recorded as revenue in 2021. On February 5, 2021, Amudim received a second PPP loan in the amount of \$424,605. Amudim has elected to account for the funding as a loan in accordance with Accounting Standards Codification, Topic 470, *Debt*. The loan is due five years from the date of the first disbursement under the loan and has a fixed interest rate of 1% 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 second PPP loan was fully forgiven.

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 6: Occupancy

Amudim leases space for its operations. Rent expense for the years ended December 31, 2021 and 2020 was \$147,533 and \$143,552, respectively, including in-kind rent of \$85,131 received for the period of January through September 2021 and \$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:

2022	\$	128,297
2023		<u>64,872</u>
Total	\$	<u>193,170</u>

Note 7: 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 \$5,270,000 as of December 31, 2021.

Note 8: 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, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 5,439,632	\$ 3,327,843
Grants and contributions receivable	<u>3,557,248</u>	<u>3,568,295</u>
Total financial assets	<u>8,996,880</u>	<u>6,896,138</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,996,880</u>	<u>\$ 6,896,138</u>

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.

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

Note 9: Subsequent Events

Subsequent events have been evaluated through November 10, 2022, which is the date the financial statements were available to be issued.

In October 2021, Amudim entered into a contract to purchase a building for \$3,000,000 and subsequently made an escrow deposit of \$100,000. The purchase formally closed subsequent to year-end.

Note 10: Future Changes in Accounting Principles

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.