




Amudim Community Resources, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021



Amudim Community Resources, Inc.

December 31, 2022 and 2021

Contents

Independent Auditor's Report	1
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Financial Statements

Statements of Financial Position	3
Statements of Activities.....	4
Statement of Functional Expenses – Year Ended December 31, 2022	5
Statement of Functional Expenses – Year Ended December 31, 2021	6
Statements of Cash Flows	7
Notes to Financial Statements	8

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, 2022 and 2021, 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, 2022 and 2021, 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
September 28, 2023

Amudim Community Resources, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 3,833,446	\$ 5,439,632
Accounts receivable	160,250	-
Grants and contributions receivable - current (net of allowance for doubtful accounts of \$729,188 in 2022 and 2021)	3,431,295	3,557,248
Prepaid expenses	61,710	71,838
Property and equipment, net	3,078,672	20,567
Escrow deposit	-	100,000
Security deposits	1,700	1,700
	<u>\$ 10,567,073</u>	<u>\$ 9,190,985</u>
Total assets		
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 516,544	\$ 442,169
Loans payable	1,065,000	439,605
	<u>1,581,544</u>	<u>881,774</u>
Total liabilities		
Net Assets - Without Donor Restrictions	<u>8,985,529</u>	<u>8,309,211</u>
Total liabilities and net assets	<u>\$ 10,567,073</u>	<u>\$ 9,190,985</u>

Amudim Community Resources, Inc.
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues and Other Support Without Donor Restrictions		
Contributions and special events	\$ 6,233,229	\$ 8,658,123
Less direct cost of special events	(314,701)	(200,545)
Contribution of nonfinancial asset	850,000	-
Foundation and government grants	656,689	194,997
Curriculum licensing revenue	181,476	87,000
In-kind rent	-	85,131
Interest	165	171
Forgiveness of loan	424,605	280,823
Rental income	70,700	-
	<u>8,102,163</u>	<u>9,105,700</u>
Expenses		
Program services		
Crisis intervention	6,083,466	5,778,459
Supporting services		
Management and general	1,006,420	773,912
Fundraising	335,959	570,538
Total supporting services	1,342,379	1,344,450
Total expenses	7,425,845	7,122,909
Change in Net Assets Without Donor Restrictions	676,318	1,982,791
Net Assets - Without Donor Restrictions, Beginning of Year	8,309,211	6,326,420
Net Assets - Without Donor Restrictions, End of Year	\$ 8,985,529	\$ 8,309,211

Amudim Community Resources, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting Services		Total
	Crisis Intervention	Management and General	Fundraising	
Salaries and related expenses	\$ 2,255,918	\$ 504,325	\$ 71,238	\$ 2,831,481
Grant expense	1,024,430	-	-	1,024,430
Advertising and public awareness	442,884	-	30,996	473,880
Professional fees	164,027	59,150	95,910	319,087
Technology	51,879	118,496	9,688	180,063
Occupancy	120,078	39,654	6,418	166,150
Supplies	7,034	3,626	5	10,665
Postage and printing	20,968	3,361	36,944	61,273
Travel	60,286	22,938	2,029	85,253
Insurance	25,170	13,088	-	38,258
Educational expenses	6,710	-	-	6,710
Office, program, and other	153,685	95,481	33,411	282,577
Staff training and development	173,254	70,215	14,705	258,174
Rehabilitation fees	1,548,400	-	-	1,548,400
Entertainment and food	-	-	314,701	314,701
Depreciation	-	52,454	-	52,454
Credit card and other fees	28,743	4,936	34,615	68,294
Interest	-	18,696	-	18,696
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses by function	6,083,466	1,006,420	650,660	7,740,546
Less direct cost of special events	-	-	(314,701)	(314,701)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses included in the expense section on the statements of activities	<u>\$ 6,083,466</u>	<u>\$ 1,006,420</u>	<u>\$ 335,959</u>	<u>\$ 7,425,845</u>

Amudim Community Resources, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Supporting Services		Total
	Crisis Intervention	Management and General	Fundraising	
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
Total expenses by function	5,778,459	773,912	771,083	7,323,454
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 Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 676,318	\$ 1,982,791
Items not requiring (providing) operating cash flows		
Donated property	(850,000)	-
Depreciation	52,454	10,029
Forgiveness of loan	(424,605)	(280,823)
Changes in		
Accounts receivable	(160,250)	-
Grants and contributions receivable	125,953	11,047
Prepaid expenses	10,128	(69,154)
Security deposits	-	3,393
Accounts payable and accrued expenses	74,375	129,901
Net cash (used in) provided by operating activities	(495,627)	1,787,184
Investing Activities		
Escrow deposit	-	(100,000)
Escrow release	100,000	-
Purchase of property and equipment	(2,260,559)	-
Net cash used in investing activities	(2,160,559)	(100,000)
Financing Activities		
Proceeds from loans and note payable	1,050,000	424,605
Net cash provided by financing activities	1,050,000	424,605
Change in Cash	(1,606,186)	2,111,789
Cash, Beginning of Year	5,439,632	3,327,843
Cash, End of Year	\$ 3,833,446	\$ 5,439,632
Supplemental Cash Flows Information		
Cash paid during the year for interest	\$ 18,696	\$ -

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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, grants, and curriculum licensing revenue.

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.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which Amudim has an unconditional right to receive. Amudim provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Interest income is not accrued or recorded on outstanding accounts receivable.

Contract Assets

Contract assets are recorded when Amudim has a right to consideration in exchange for good or services that Amudim has transferred to the customer.

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.

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Estimated useful lives are as follows:

Leasehold improvements	5 years
Building	30 years
Furniture and equipment	3 - 7 years

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, 2022 and 2021.

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

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

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.

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

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 Revenue

Curriculum licensing revenue 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.

Rental Income

Rental income pertains to rental payments earned on a month-to-month basis. There is no lease agreement.

Advertising

Advertising costs are expensed in the year they are incurred.

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, 2022 and 2021

Note 2: Revenue from Contracts with Customers

Curriculum Licensing Revenue

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 years ended December 31, 2022 and 2021, Amudim recognized revenue of \$181,476 and \$87,000, respectively, from goods that transfer to the customer at a point in time.

Amudim did not have any contract assets as of January 1, 2021, December 31, 2021, or December 31, 2022. The balance of accounts receivable as of December 31, 2022 and 2021 was \$160,250 and \$0, respectively.

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, 2022 and 2021 have been recorded as receivables. The following are grant commitments that extend beyond December 31, 2022:

Funder	Term	Grant Amount	Earned Through 12/31/2022	Funding Still Available
U.S. Department of Health and Human Services	9/30/21 - 9/29/26	\$ 625,000	\$ 184,531	\$ 440,469
NYC Department of Health and Mental Hygiene	7/1/22 - 6/30/23	50,000	26,000	24,000
U.S. Department of Justice	10/1/22 - 9/30/25	739,322	65,685	673,637
		<u>\$ 1,414,322</u>	<u>\$ 276,216</u>	<u>\$ 1,138,106</u>

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 4: Property and Equipment

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 29,010	\$ 29,010
Land	771,189	-
Building	2,313,568	-
Furniture and equipment	<u>55,427</u>	<u>29,625</u>
	3,169,194	58,635
Accumulated depreciation	<u>(90,522)</u>	<u>(38,068)</u>
	<u>\$ 3,078,672</u>	<u>\$ 20,567</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, 2022 and 2021 was \$15,000.

On March 27, 2021, the *Coronavirus Aid, Relief, and Economic Security Act* was signed into law. 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. The loan was forgiven on May 11, 2022 and was recorded as revenue in 2022. Amudim has elected to account for the funding as a loan in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*. The loan was due five years from the date of the first disbursement under the loan and had a fixed interest rate of 1% per year.

In May 2022, Amudim entered into a mortgage agreement in the amount of \$1,050,000 in order to finance the purchase of a building. Interest only payments are due each month through June 2023. Beginning July 2023, principal and interest are due each month. Interest is charged at a fixed rate of 3.5% through June 2027. Beginning July 2027, interest is charged at the greater of 3.5% or the sum of 2.25% and the Pittsburgh Federal Home Loan Bank five-year rate. The mortgage is collateralized by the purchased building. The mortgage matures in June 2032 and the remaining principal balance is due at that time.

Total future principal payments are as follows:

2023	\$ 9,863
2024	20,259
2025	21,093
2026	21,854
2027	19,458
Thereafter	<u>957,473</u>
	<u>\$ 1,050,000</u>

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 6: Line of Credit

Amudim entered into a line of credit agreement for the amount of \$500,000 during 2022. Interest is charged at 1% plus the prime rate (8.50% as of December 31, 2022). The line of credit does not have a maturity date. Amudim did not draw any funds from the line during 2022.

Note 7: Occupancy

Amudim leases space for its operations. Rent expense for the years ended December 31, 2022 and 2021 was \$148,763 and \$147,533, respectively, including in-kind rent of \$85,131 received for the period of January through September 2021. The lease agreement expires in June 2023. Minimum annual lease payments due in 2023 are \$59,358.

Note 8: Contributed Nonfinancial Assets

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the statements of activities included a contributed portion of a building valued at \$850,000. Contributed nonfinancial assets did not have donor-imposed restrictions. The building will be used as a mental health clinic. The estimated fair value of the building was based on an appraisal.

Note 9: Related-Party Transactions

A son of a member of the Board of Directors of Amudim was a 10% owner of the land and building that was purchased by Amudim.

Note 10: 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 as of December 31, 2022 was approximately \$3,550,000.

Amudim Community Resources, Inc.

Notes to Financial Statements

December 31, 2022 and 2021

Note 11: 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, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 3,833,446	\$ 5,439,632
Accounts receivable	160,250	-
Grants and contributions receivable	<u>3,431,295</u>	<u>3,557,248</u>
Total financial assets	<u>7,424,991</u>	<u>8,996,880</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,424,991</u>	<u>\$ 8,996,880</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. To help manage liquidity needs, Amudim has a \$500,000 line of credit agreement which it can draw upon (See *Note 6*).

Note 12: Subsequent Events

Subsequent events have been evaluated through September 28, 2023, which is the date the financial statements were available to be issued.