

**Nido de Esperanza Charitable  
Society**

Financial Statements

June 30, 2020

## **Independent Auditors' Report**

### **Board of Directors Nido de Esperanza Charitable Society**

We have audited the accompanying financial statements of the Nido de Esperanza Charitable Society, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the six months 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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**  
**Nido de Esperanza Charitable Society**  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nido de Esperanza Charitable Society as of June 30, 2020, and the changes in its net assets and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

*PKF O'Connor Davies, LLP*

October 4, 2021

**Nido de Esperanza Charitable Society**

Statement of Financial Position  
June 30, 2020

**ASSETS**

Cash	\$ 359,226
Contributions receivable	52,965
Prepaid expenses	<u>1,728</u>
	<u>\$ 413,919</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable and accrued expenses	<u>\$ 10,993</u>
Net Assets	
Without donor restrictions	385,426
With donor restrictions	<u>17,500</u>
Total Net Assets	<u>402,926</u>
	<u>\$ 413,919</u>

See notes to financial statements

## Nido de Esperanza Charitable Society

### Statement of Activities For the Six Months Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 170,873	\$ 123,656	\$ 294,529
Foundation grants	12,500	78,000	90,500
In-kind Contributions			
Tangible items	157,236	-	157,236
Donated services	119,828	-	119,828
Net assets released from restrictions	184,156	(184,156)	-
Total Support and Revenue	644,593	17,500	662,093
<b>EXPENSES</b>			
Program services	500,842	-	500,842
Management and general	63,271	-	63,271
Fundraising	15,240	-	15,240
Total Expenses	579,353	-	579,353
Change in Net Assets	65,240	17,500	82,740
<b>NET ASSETS</b>			
Beginning of period	320,186	-	320,186
End of period	\$ 385,426	\$ 17,500	\$ 402,926

See notes to financial statements

## Nido de Esperanza Charitable Society

### Statement of Functional Expenses For the Six Month Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Personnel Expenses				
Salaries and wages	\$ 90,470	\$ 4,761	\$ -	\$ 95,231
Employee benefits	13,862	857	-	14,719
Payroll taxes	7,951	419	-	8,370
Total Personnel Expenses	112,283	6,037	-	118,320
Grants and other assistance	104,000	-	-	104,000
Donated professional services	70,104	34,724	15,000	119,828
Donated goods and supplies	157,236	-	-	157,236
Professional fees	-	14,792	-	14,792
Program operations	19,246	483	185	19,914
Program supplies	20,089	-	-	20,089
Occupancy expenses	12,700	89	-	12,789
Telephone and telecommunications	2,446	129	-	2,575
Travel and transportation	628	1,366	-	1,994
Office expenses and supplies	-	1,987	-	1,987
Information technology	207	1,616	55	1,878
Interest, bank and credit card fees	-	1,584	-	1,584
Dues, membership and subscriptions	656	35	-	691
Staff training and development	685	-	-	685
Postage, shipping and delivery	-	399	-	399
Conferences and meetings	562	30	-	592
Total Expenses	\$ 500,842	\$ 63,271	\$ 15,240	\$ 579,353

See notes to financial statements

**Nido de Esperanza Charitable Society**

Statement of Cash Flows  
For the Six Months Ended June 30, 2020

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 82,740
Adjustments to reconcile change in net assets to net cash from operating activities:	
Changes in operating assets and liabilities	
Contributions receivable	(15,306)
Prepaid expenses	(1,728)
Accounts payable and accrued expenses	<u>9,518</u>
Net Cash from Operating Activities	<u>75,224</u>

**CASH**

Beginning of period	<u>284,002</u>
End of period	<u>\$ 359,226</u>

See notes to financial statements

## **Nido de Esperanza Charitable Society**

Notes to Financial Statements  
June 30, 2020

### **1. Organization**

The Nido de Esperanza Charitable Society (the "Organization") was incorporated on February 27, 2018 as a not-for-profit organization that seeks to break the cycle of poverty by changing the first 1,000 days of a child's life. The Organization works with families from pregnancy through Pre-K/Head Start placement, taking a holistic approach (mind, body, soul) that supports both the child and the parents.

The Organization provides personalized parenting support through mentoring and educating parents, including instruction by various health care professionals, and builds deep community connections between families through weekly group meetings. Recognizing the importance of literacy and its impact on breaking the cycle of poverty, the Organization provides books, ESL classes, and reading support groups for families. The Organization also supports families through material assistance, especially items essential in the first 1,000 days of a child's life – such as diapers, formula, food, clothing, and baby equipment.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Fiscal Year End Change***

The Organization's Board of Directors adopted a June 30 fiscal year end for financial reporting purposes to conform to its program operating cycle, effective January 1, 2020. The Organization previously had a December 31 fiscal year end. Accordingly, the accompanying statements of activities, functional expenses and cash flows include only six months of activity. The financial reporting cycle hereafter will be for twelve months beginning July 1 and ending June 30.

#### ***Net Asset Presentation***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets are classified as with or without donor restrictions. Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use is limited by donors for a specific time period or purpose and may include net assets to be held in perpetuity.

## **Nido de Esperanza Charitable Society**

Notes to Financial Statements  
June 30, 2020

### **2. Summary of Significant Accounting Policies (*continued*)**

#### ***Contributions***

Contributions are recognized when cash or unconditional promises to give have been received or ownership of donated assets is transferred to the Organization. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

#### ***In-kind Contributions***

The Organization receives donations of food, baby products and donated services to run its program.

Non-cash contributions (in-kind contributions) that are significant in amount and can be reasonably valued are recorded at fair value. Goods received without an objective basis of valuation are not recorded.

US GAAP requires the value of donated services to be recorded if the donated services create or enhance nonfinancial assets or require specialized skills. Many volunteers have contributed significant amounts of their time to activities of the Organization. However, since the above requirements were not met, the value of those contributed services has not been recorded in the financial statements.

#### ***Functional Allocation of Expenses***

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged to that function. Certain expenses are attributable to more than one program or supporting function and have been allocated in reasonable ratios determined by management. These expenses include salaries and wages, payroll taxes and employee benefits, which are allocated based on estimates of time and effort.

#### ***Accounting for Uncertainty in Income Taxes***

The Organization operates as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes; accordingly, no provision is made for current or deferred income taxes. Periods since inception remain open to examination. Management has determined the Organization had no uncertain tax positions that would require financial statement recognition or disclosure.

## Nido de Esperanza Charitable Society

Notes to Financial Statements  
June 30, 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 4, 2021.

### 3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and receivables. The Organization places its cash with high credit quality financial institutions which at times, may exceed federally insured limits.

### 4. Net Asset With Donor Restrictions

The Organization had net asset with donor restrictions of \$17,500 to support its Covid-19 Crisis Response and Relief Fund as of June 30, 2020.

The Organization had net asset with donor restriction releases of \$184,156 to support its Covid-19 Crisis Response and Relief Fund and other initiatives for the six months ended June 30, 2020.

### 5. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial Assets:	
Cash	\$ 359,226
Contributions receivable	<u>52,965</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	412,191
Less amounts unavailable for general expenditures within on year due to:	
Restricted by donors	<u>(17,500)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 394,691</u>

Contributions are solicited on a regular basis to increase support and revenue and to improve cash flow.

## **Nido de Esperanza Charitable Society**

Notes to Financial Statements  
June 30, 2020

### **6. Related Party Transaction**

The Organization commenced operations in June 2016 as a community outreach of Christ Church United Methodist (the "Church"), a nonprofit organization, before it became a separate 501(c)(3) in February 2018. Sixty percent of the Organization's Board of Trustees are members of the Church and also serve on the Board of Trustees of the Church. The Church provides facility space for use in its operations and administrative support services to the Organization at no cost. The fair value of the rent (\$33,000) and administrative support services (\$32,500) has been recorded as an in-kind donation to the Organization. The Church solicits donations from its congregants and the general public by hosting an annual auction with part of the proceeds to benefit the Organization. At June 30, 2020, the Organization has a receivable of \$52,965 from the Church.

### **7. Risk and Uncertainties**

The Organization's operations and financial performance may be impacted by the coronavirus outbreak, which has adversely affected economic conditions in New York City and the United States. If the outbreak continues and conditions worsen, the Organization could experience a disruption in operations as well as a decline in revenue and support. However, at this time, the Organization has successfully adapted to the changed conditions caused by the coronavirus and has continued its operations, serving the mothers and families participating in the Organization's programs, and has not experienced a decline in revenue or support.

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