

**Nido de Esperanza Charitable
Society**

Financial Statements

December 31, 2019



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 December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

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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 December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PKF O'Connor Davies, LLP

February 17, 2021

Nido de Esperanza Charitable Society

Statement of Financial Position
December 31, 2019

ASSETS

Cash	\$ 284,002
Contributions receivable	<u>37,659</u>
	<u>\$ 321,661</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 1,475
Net assets without donor restrictions	<u>320,186</u>
	<u>\$ 321,661</u>

See notes to financial statements

Nido de Esperanza Charitable Society

Statement of Activities
Year Ended December 31, 2019

SUPPORT AND REVENUE

Contributions	\$ 649,078
In-kind contributions	
Tangible items	117,810
Donated services	<u>213,493</u>
Total Support and Revenue	<u>980,381</u>

EXPENSES

Program services	556,763
Management and general	89,682
Fundraising	<u>13,750</u>
Total Expenses	<u>660,195</u>
Change in Net Assets	320,186

NET ASSETS WITHOUT DONOR RESTRICTIONS

Beginning of year	<u>-</u>
End of year	<u>\$ 320,186</u>

See notes to financial statements

Nido de Esperanza Charitable Society

Statement of Functional Expenses Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Personnel Expenses				
Salaries and wages	\$ 184,978	\$ 9,736	\$ -	\$ 194,714
Employee benefits	32,561	1,714	-	34,275
Payroll taxes and	15,460	814	-	16,274
Total Personnel Expenses	232,999	12,264	-	245,263
Donated goods	117,810	-	-	117,810
Donated Services				
Program related services	55,020	13,780	13,750	82,550
Rental space	65,340	660	-	66,000
Administrative support	3,735	61,208	-	64,943
Professional Fees				
Outside services	6,510	270	-	6,780
Supervision	4,850	-	-	4,850
Childcare	10,257	-	-	10,257
Guest speakers	2,651	-	-	2,651
Programming expense	19,191	-	-	19,191
Supplies				
Food	6,540	-	-	6,540
Books	7,809	-	-	7,809
Office	2,523	133	-	2,656
Baby supplies	76	-	-	76
Program related	2,189	-	-	2,189
Information technology	2,301	121	-	2,422
Occupancy expenses	8,615	87	-	8,702
Travel and transportation	2,570	857	-	3,427
Dues, membership and subscriptions	31	-	-	31
Training and development	5,746	302	-	6,048
Total Expenses	\$ 556,763	\$ 89,682	\$ 13,750	\$ 660,195

See notes to financial statements

Nido de Esperanza Charitable Society

Statement of Cash Flows
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 320,186
Adjustments to reconcile change in net assets to net cash from operating activities:	
Changes in operating assets and liabilities	
Contributions receivable	(37,659)
Accounts payable and accrued expenses	<u>1,475</u>
Net Cash from Operating Activities	<u>284,002</u>

CASH

Beginning of year	<u>-</u>
End of year	<u><u>\$ 284,002</u></u>

See notes to financial statements

Nido de Esperanza Charitable Society

Notes to Financial Statements
December 31, 2019

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.

New Accounting Pronouncements

Recognition of Contributions

The Organization follows Accounting Standard Update (“ASU”) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions.

Nido de Esperanza Charitable Society

Notes to Financial Statements
December 31, 2019

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

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.

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.

Nido de Esperanza Charitable Society

Notes to Financial Statements
December 31, 2019

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

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.

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 February 17, 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. 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	\$ 284,002
Contributions receivable	<u>37,659</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 321,661</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
December 31, 2019

5. 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 (\$66,000) and administrative support services (\$64,943) 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 December 31, 2019, the Organization has a receivable of \$37,659 from the Church.

6. Subsequent Events

The Organization's operations and financial performance may be impacted by the recent coronavirus outbreak which is expected to adversely affect economic conditions in New York City and the United States. If the outbreak continues and conditions worsen, the Organization may 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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