

**Nido de Esperanza Charitable Society**

Financial Statements

June 30, 2021

## **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, 2021, 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.

**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, 2021, 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 24, 2022

## Nido de Esperanza Charitable Society

### Statement of Financial Position June 30, 2021

#### **ASSETS**

Cash	\$ 278,422
Contributions receivable	131,739
Prepaid expenses	3,604
Property and equipment	<u>8,112</u>
	<u>\$ 421,877</u>

#### **LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable and accrued expenses	\$ 47,655
Funds held for others	<u>50,702</u>
Total Liabilities	<u>98,357</u>
Net Assets	
Without donor restrictions	277,543
With donor restrictions	<u>45,977</u>
Total Net Assets	<u>323,520</u>
	<u>\$ 421,877</u>

See notes to financial statements

## Nido de Esperanza Charitable Society

Statement of Activities  
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 415,688	\$ 18,109	\$ 433,797
Foundation grants	-	124,292	124,292
In-kind Contributions			
Tangible items	453,633	-	453,633
Donated services	274,239	-	274,239
Net assets released from restrictions	<u>113,924</u>	<u>(113,924)</u>	<u>-</u>
Total Support and Revenue	<u>1,257,484</u>	<u>28,477</u>	<u>1,285,961</u>
<b>EXPENSES</b>			
Program services	1,153,431	-	1,153,431
Management and general	173,058	-	173,058
Fundraising	<u>38,878</u>	<u>-</u>	<u>38,878</u>
Total Expenses	<u>1,365,367</u>	<u>-</u>	<u>1,365,367</u>
Change in Net Assets	(107,883)	28,477	(79,406)
<b>NET ASSETS</b>			
Beginning of year	<u>385,426</u>	<u>17,500</u>	<u>402,926</u>
End of year	<u>\$ 277,543</u>	<u>\$ 45,977</u>	<u>\$ 323,520</u>

See notes to financial statements

## Nido de Esperanza Charitable Society

### Statement of Functional Expenses For the Year Ended June 30, 2021

	Program Services	Management and General	Fundraising	Total
Personnel Expenses				
Salaries and wages	\$ 269,529	\$ 29,089	\$ 3,444	\$ 302,062
Employee benefits	40,798	2,205	18	43,021
Payroll taxes	26,858	2,899	343	30,100
Total Personnel Expenses	337,185	34,193	3,805	375,183
Grants and other assistance	36,500	-	-	36,500
Donated professional services	195,101	48,147	30,992	274,240
Donated goods and supplies	453,633	-	-	453,633
Professional fees	-	83,680	-	83,680
Program operations	4,328	-	-	4,328
Program supplies	71,616	-	-	71,616
Occupancy expenses	26,726	328	-	27,054
Telephone and telecommunications	5,413	584	70	6,067
Travel and transportation	2,417	806	-	3,223
Office expenses and supplies	3,324	359	42	3,725
Information technology	188	1,812	1,836	3,836
Credit card processing fees	-	-	1,571	1,571
Dues, membership and subscriptions	3,007	325	38	3,370
Taxes, permits and licenses	-	671	-	671
Staff training and development	9,356	-	-	9,356
Postage, shipping and delivery	467	934	467	1,868
Conferences and meetings	670	72	9	751
Insurance	3,072	1,118	48	4,238
Depreciation	428	29	-	457
Total Expenses	\$ 1,153,431	\$ 173,058	\$ 38,878	\$ 1,365,367

See notes to financial statements

## Nido de Esperanza Charitable Society

### Statement of Cash Flows For the Year Ended June 30, 2021

#### **CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (79,406)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	457
Changes in operating assets and liabilities	
Contributions receivable	(78,774)
Prepaid expenses	(1,876)
Accounts payable and accrued expenses	36,662
Funds held for others	<u>50,702</u>
Net Cash from Operating Activities	(72,235)

#### **CASH FLOWS FROM FINANCING ACTIVITIES**

Purchase of property and equipment	<u>(8,569)</u>
Net Change in Cash	(80,804)

#### **CASH**

Beginning of year	<u>359,226</u>
End of year	<u>\$ 278,422</u>

See notes to financial statements

## **Nido de Esperanza Charitable Society**

Notes to Financial Statements  
June 30, 2021

### **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.

#### ***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, 2021

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

#### ***Property and Equipment***

The Organization follows the practice of capitalizing all expenditures for property and equipment with costs in excess of \$1,000 and a useful life in excess of one year. Leasehold improvements are amortized over 10 years. Purchased property and equipment are recorded at cost at the date of acquisition. Minor costs of maintenance and repairs are expensed as incurred. All property and equipment purchased with government funding is capitalized, unless the government agency retains legal title to such assets, in which case it is expensed as incurred.

Depreciation and amortization is recognized on the straight-line method over the estimated useful lives of such assets as follows:

Furniture, equipment and computers	3 - 5 years
Leasehold improvements	10 years

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount for the asset is not recoverable, the asset is written down to its fair value. There were no asset impairments for the years ended June 30, 2021.

#### ***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.

## **Nido de Esperanza Charitable Society**

Notes to Financial Statements  
June 30, 2021

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

#### ***In-kind Contributions (continued)***

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.

#### ***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 24, 2022.

### **3. Concentration of Credit Risk**

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

## Nido de Esperanza Charitable Society

Notes to Financial Statements  
June 30, 2021

### 4. Contributions Receivable

At June 30, 2021, all receivables are expected to be collected during the next year. Management has determined that the contributions receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2021.

### 5. Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Furniture, equipment and computers	\$ 5,569
Leasehold improvements	3,000
Less accumulated depreciation	<u>(457)</u>
	<u>\$ 8,112</u>

### 6. Net Asset With Donor Restrictions

The Organization had net asset with donor restrictions of \$45,977 to support its food insecurity initiatives as of June 30, 2021.

The Organization had net asset with donor restriction releases of \$113,924 to support its COVID-19 Crisis Response and Relief Fund and other initiatives for the year ended June 30, 2021.

### 7. 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. Fifty 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 of \$66,000 and administrative support services of \$42,980 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, 2021, the Organization has a receivable of \$85,000 from the Church included in contributions receivable on the statement of financial position.

## Nido de Esperanza Charitable Society

Notes to Financial Statements  
June 30, 2021

### 8. 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	\$ 278,422
Contributions receivable	<u>131,739</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	410,161
Less amounts unavailable for general expenditures within on year due to:	
Funds held for others	(50,702)
Resticted by donors	<u>(45,977)</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 313,482</u>

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

### 9. Sponsorship Agreement

During fiscal 2021, the Organization entered into a fiscal sponsorship agreement with Helping Immigrants Thrive (HIMT). Per the terms of the agreement, the sponsorship is for a limited period until HIMT acquires its own 501(c)(3) IRS designation. The Organization is not receiving a fee for providing services for HIMT. HIMT is an organization focusing on enabling undocumented immigrants in Manhattan achieve financial self-sufficiency, independence and a brighter future with dignity, enabling them to be contributing members of the community. During the year ended June 30, 2021, the Organization received two donations from the HIMT founder totaling \$61,952 that were designated for HIMT. At June 30, 2021, the balance of unspent funds designated for HIMT totaled \$50,702 and are included as fund held for others on the statement of financial position.

### 10. 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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