

2-1-1 NEW YORK INC.

**Financial Statements as of
December 31, 2018 and 2017
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 18, 2019

To the Board of Directors and Management
2-1-1 New York Inc.:

We have audited the accompanying financial statements of 2-1-1 New York Inc. (a New York nonprofit corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended December 31, 2018, 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.

Auditor's 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 auditor's 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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INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 2-1-1 New York Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, and the statement of functional expenses for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, 2-1-1 New York Inc. implemented Accounting Standards Update 2016-14, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

2-1-1 NEW YORK INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 23,200	\$ 21,033
Grants receivable	420,349	417,150
Other receivable	<u>8,195</u>	<u>-</u>
Total assets	<u>\$ 451,744</u>	<u>\$ 438,183</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 393,016	\$ 384,247
Due to affiliate	<u>40,713</u>	<u>37,875</u>
Total liabilities	<u>433,729</u>	<u>422,122</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>18,015</u>	<u>16,061</u>
Total liabilities and net assets	<u>\$ 451,744</u>	<u>\$ 438,183</u>

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUE:		
Grants and sponsorships	\$ 1,259,328	\$ 1,259,212
EXPENSES:		
Program service expenses	1,134,137	1,151,532
General and administrative costs	<u>123,237</u>	<u>114,704</u>
Total expenses	<u>1,257,374</u>	<u>1,266,236</u>
CHANGE IN NET ASSETS	1,954	(7,024)
NET ASSETS - beginning of year	<u>16,061</u>	<u>23,085</u>
NET ASSETS - end of year	<u>\$ 18,015</u>	<u>\$ 16,061</u>

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program services</u>	<u>General and Administration</u>	<u>Total 2018</u>
Regional grants	\$ 1,134,137	\$ -	\$ 1,134,137
Affiliate administrative services	-	100,033	100,033
Contract services	-	14,999	14,999
Professional fees	-	5,120	5,120
Conferences and meetings	-	2,057	2,057
Insurance	-	661	661
Supplies and miscellaneous	-	367	367
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Total expenses	<u>\$ 1,134,137</u>	<u>\$ 123,237</u>	<u>\$ 1,257,374</u>

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,954	\$ (7,024)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in:		
Grants receivable	(3,199)	(12,352)
Other receivable	(8,195)	-
Accounts payable	8,769	20,396
Due to affiliate	<u>2,838</u>	<u>89</u>
Net cash flows from operating activities	2,167	1,109
CASH AND CASH EQUIVALENTS - beginning of year	<u>21,033</u>	<u>19,924</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 23,200</u>	<u>\$ 21,033</u>

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. THE ORGANIZATION

Nature of Activities

2-1-1 New York Inc. (2-1-1 New York) is a nonprofit corporation formed to lead and oversee the development and operation of a state-wide, free, health and human services information and referral system, accessible through the 2-1-1 dialing code.

Affiliate

United Way of New York State (UWNYS), a nonprofit corporation, is the sole member of 2-1-1 New York. UWNYS has the power to elect the board of directors of 2-1-1 New York.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the purpose of improving financial reporting by not-for-profit (NFP) entities.

ASU 2016-14 includes many changes affecting the presentation and accounting for the Organization's financial statements including:

- Reducing the number of classes of net assets from three to two (net assets with donor restrictions and net assets without donor restrictions);
- Requiring the presentation of expenses in both natural and functional classifications;
- Eliminating the requirement to disclose the components of investment return as well as reporting investment return net of external and direct internal investment expenses; and
- Requiring qualitative and quantitative disclosure regarding the Organization's liquidity and availability of resources (Note 3).

ASU 2016-14 is effective for the Organization's year ended December 31, 2018, and was applied retrospectively with the exception of the disclosures regarding liquidity and availability of resources, which are presented for the current year only. The effects of this ASU have been included in these financial statements. There was no effect on total net assets or changes in net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash held in demand deposit and savings statement bank accounts. The balances in the accounts, at times, may exceed federally insured limits. 2-1-1 New York has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Grants Receivable

All recorded grants are considered fully collectible and, accordingly, no allowance for doubtful accounts has been recorded at December 31, 2018 and 2017.

Deferred Revenue and Expendable Advances

Deferred revenue and expendable advances consist of grants and contracts received to fund expenditures made in subsequent periods. The revenue will be recognized during the period in which the expenses are incurred.

Financial Reporting

2-1-1 New York reports its activities and the related net assets using two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are not restricted by donors or other outside agencies. The Board of Directors can authorize use of these assets, as it desires, to carry on the purpose of 2-1-1 New York according to its by-laws.

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of 2-1-1 New York and/or the passage of time.

Revenue Recognition

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. Grants considered to be exchange transactions are recorded as revenue when earned, which is generally when the related expenses are incurred.

Donated Services and Goods

2-1-1 New York reports gifts of goods or services as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. In-kind exchanges of goods and services are valued at applicable donor levels and are recorded as revenue and corresponding expenses when utilized.

Functional Expense Allocation

The costs of providing programs and supporting services have been summarized on a functional basis in the statement of functional expenses. All attempts are made to direct charge expenses.

Income Tax Status

2-1-1 New York is a New York nonprofit corporation exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. 2-1-1 New York has also been classified by the Internal Revenue Services as an entity that is not a private foundation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

2-1-1 New York is substantially supported by grants from state governments. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets reported on the accompanying statement of financial position may not be available for expenditure within one year. As of December 31, 2018, 2-1-1 New York has cash and cash equivalents (\$23,200) and receivables (\$428,544) available to meet general expenditures within one year of the statement of financial position date.

2-1-1 New York's ability to meet its cash needs is dependent on continued contributions and collections of receivables. Management regularly monitors liquidity required to meet its operating needs.

4. GRANTS AND SPONSORSHIPS

2-1-1 New York entered into a contract renewal with the New York State Office of Children and Family Services (NYSOCFS), during the fiscal year ended December 31, 2018, to provide funding for expansion and support of 2-1-1 services on a statewide basis. The grant is for a total of \$1,250,000 covering the funding period September 1, 2018 through August 31, 2019. The grant was renewed for the 2019 – 2020 year at the same funding level. The grant includes funding for 2-1-1 New York administration and sub-grants to organizations serving as fiscal agents to 2-1-1 regional collaborations across the state of New York. Funds are provided for support of current 2-1-1 operations, expansion of services, database maintenance and related costs. During the year ending December 31, 2018 and 2017, 2-1-1 New York expended approximately \$1,125,000 and \$1,131,000 of these funds, respectively.

5. TRANSACTIONS WITH AFFILIATE

During the years ended December 31, 2018 and 2017, UWNYS provided support to 2-1-1 New York in the form of payroll and benefits to staff performing 2-1-1 tasks along with other administrative costs in the amount of \$100,033 and \$93,750, respectively. This amount is reimbursed to UWNYS. At December 31, 2018 and 2017, \$40,713 and \$37,875, respectively, was due to UWNYS.

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 18, 2019, which is the date the financial statements were available to be issued.