

2-1-1 NEW YORK INC.

**Financial Statements as of
December 31, 2022 and 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 8, 2023

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

Opinion

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, 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 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, 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. 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 2-1-1 New York 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 2-1-1 New York Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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 2-1-1 New York 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 2-1-1 New York 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.

2-1-1 NEW YORK INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 37,957 | \$ 111,844 |
| Grant receivable | <u>753,228</u> | <u>816,784</u> |
| Total assets | <u>\$ 791,185</u> | <u>\$ 928,628</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable | \$ 671,629 | \$ 812,846 |
| Due to affiliate | <u>100,308</u> | <u>95,688</u> |
| Total liabilities | 771,937 | 908,534 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>19,248</u> | <u>20,094</u> |
| Total liabilities and net assets | <u>\$ 791,185</u> | <u>\$ 928,628</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, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| SUPPORT AND REVENUE: | | |
| Grant revenue | \$ 2,126,548 | \$ 1,435,220 |
| EXPENSES: | | |
| Program service expenses | 1,892,146 | 1,290,125 |
| General and administrative costs | <u>235,248</u> | <u>144,449</u> |
| Total expenses | <u>2,127,394</u> | <u>1,434,574</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (846) | 646 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - beginning of year | <u>20,094</u> | <u>19,448</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year | <u>\$ 19,248</u> | <u>\$ 20,094</u> |

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | <u>Program services</u> | <u>General and Administration</u> | <u>Total 2022</u> |
|-----------------------------------|-----------------------------|---------------------------------------|-----------------------|
| Regional grants | \$ 1,892,146 | \$ - | \$ 1,892,146 |
| Affiliate administrative services | - | 212,367 | 212,367 |
| Contractual services | - | 21,000 | 21,000 |
| Miscellaneous | - | 1,881 | 1,881 |
| | <hr/> | <hr/> | <hr/> |
| Total expenses | <u>\$ 1,892,146</u> | <u>\$ 235,248</u> | <u>\$ 2,127,394</u> |

| | <u>Program services</u> | <u>General and Administration</u> | <u>Total 2021</u> |
|-----------------------------------|-----------------------------|---------------------------------------|-----------------------|
| Regional grants | \$ 1,290,125 | \$ - | \$ 1,290,125 |
| Affiliate administrative services | - | 137,500 | 137,500 |
| Contractual services | - | 6,250 | 6,250 |
| Miscellaneous | - | 699 | 699 |
| | <hr/> | <hr/> | <hr/> |
| Total expenses | <u>\$ 1,290,125</u> | <u>\$ 144,449</u> | <u>\$ 1,434,574</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, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (846) | \$ 646 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Changes in: | | |
| Grant receivable | 63,556 | 38,539 |
| Accounts payable | (141,217) | (92,256) |
| Deferred revenue | - | (378) |
| Due to affiliate | <u>4,620</u> | <u>(14,867)</u> |
| Net cash flows from operating activities | (73,887) | (68,316) |
| CASH AND CASH EQUIVALENTS - beginning of year | <u>111,844</u> | <u>180,160</u> |
| CASH AND CASH EQUIVALENTS - end of year | <u>\$ 37,957</u> | <u>\$ 111,844</u> |

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Recently Adopted Accounting Guidance – Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

2-1-1 New York adopted the standard effective January 1, 2022, using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

2-1-1 New York elected the available practical expedients to account for the existing leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The standard did not have a material effect on the statement of financial position accounts or on the statements of activities, functional expenses, or cash flows.

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 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.

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. 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.

Grant Revenue and Receivable

2-1-1 New York receives substantially all of its grant revenues from state agencies. 2-1-1 New York recognizes grant revenue, dependent on the terms of the grant, to the extent grant obligations have been incurred. Unconditional grants and restricted grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions are substantially met. Conditional grants revenue received before the conditions are substantially met are recognized on the statement of financial position as refundable advances. 2-1-1 New York has adopted a policy whereby all government and other contracts be recorded as without donor restrictions if the restriction expires in the same reporting period as received. Conditional grants were received with cost reimbursement conditions as of December 31, 2022 and 2021. Amounts remaining on those conditional grants as of December 31, 2022 and 2021, were \$1,665,609 and \$1,391,935, respectively.

Grant receivable represent amounts due to 2-1-1 New York under grant agreements where conditions were substantially met at year end. Receivables are stated at the amount management expects to collect from outstanding balances. 2-1-1 New York considers all grants receivable to be fully collectable; accordingly, no allowance for doubtful accounts has been recorded at December 31, 2022 and 2021. If amounts become uncollectable, they will be charged to bad debt expense when the determination is made.

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 expenses are 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. 2-1-1 New York's financial assets available to meet cash needs for general expenditures within one year as of December 31 are:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Financial assets available to meet cash needs for general expenditure within one year: | | |
| Cash | \$ 37,957 | \$ 111,844 |
| Accounts receivables | <u>753,228</u> | <u>816,784</u> |
| | <u>\$ 791,185</u> | <u>\$ 928,628</u> |

2-1-1 New York's ability to meet its cash needs is dependent on continued contributions and collections of receivables. Many of these arrangements require 2-1-1 New York to incur costs in advance and then bill for reimbursements after the cash outlay has been made. 2-1-1 New York has designed procedures to collect from these payers as quickly as possible. Management also regularly monitors liquidity required to meet its operating needs. In addition, as part of 2-1-1 New York's liquidity management policy, it could also manage vendor relationships to extend payment terms where possible.

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, 2021, to provide funding for expansion and support of 2-1-1 services on a statewide basis. The grant is for a total of \$2,000,000 covering the funding period September 1, 2021 through August 31, 2022. The grant was renewed for the 2022 – 2023 year for a total of \$2,400,000. 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 years ending December 31, 2022 and 2021, 2-1-1 New York expended approximately \$2,130,000 and \$1,440,000 of these funds, respectively.

5. TRANSACTIONS WITH AFFILIATE

During the years ended December 31, 2022 and 2021, UWNYS provided services 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 \$212,367 and \$137,500 respectively. These amounts are reimbursed to UWNYS. At December 31, 2022 and 2021, \$100,308 and \$95,688 was due to UWNYS, respectively.

6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 8, 2023, which is the date the financial statements were available to be issued.