

2-1-1 NEW YORK INC.

**Financial Statements as of
December 31, 2019 and 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 16, 2020

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, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years 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.

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, 2019 and 2018, and the changes in its net assets and cash flows the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 2 to the financial statements, 2-1-1 New York Inc. implemented Accounting Standards Updates (ASU) 2014-09, ASC 606, *Revenue from Contracts with Customers*, and ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Bonadio & Co., LLP

2-1-1 NEW YORK INC.

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 20,571	\$ 23,200
Grants receivable	452,277	420,349
Other receivable	<u>-</u>	<u>8,195</u>
Total assets	<u>\$ 472,848</u>	<u>\$ 451,744</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 411,331	\$ 393,016
Due to affiliate	<u>42,491</u>	<u>40,713</u>
Total liabilities	<u>453,822</u>	<u>433,729</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>19,026</u>	<u>18,015</u>
Total liabilities and net assets	<u>\$ 472,848</u>	<u>\$ 451,744</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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
SUPPORT AND REVENUE:		
Grants and sponsorships	\$ 1,274,678	\$ 1,259,328
EXPENSES:		
Program service expenses	1,155,188	1,134,137
General and administrative costs	<u>118,479</u>	<u>123,237</u>
Total expenses	<u>1,273,667</u>	<u>1,257,374</u>
CHANGE IN NET ASSETS	1,011	1,954
NET ASSETS - beginning of year	<u>18,015</u>	<u>16,061</u>
NET ASSETS - end of year	<u>\$ 19,026</u>	<u>\$ 18,015</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, 2019 AND 2018

	<u>Program services</u>	<u>General and Administration</u>	<u>Total 2019</u>
Regional grants	\$ 1,155,188	\$ -	\$ 1,155,188
Affiliate administrative services	-	107,675	107,675
Contract services	-	7,082	7,082
Supplies and miscellaneous	-	3,722	3,722
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 1,155,188</u>	<u>\$ 118,479</u>	<u>\$ 1,273,667</u>

	<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
	<hr/>	<hr/>	<hr/>
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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,011	\$ 1,954
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Changes in:		
Grants receivable	(31,928)	(3,199)
Other receivable	8,195	(8,195)
Accounts payable	18,315	8,769
Due to affiliate	<u>1,778</u>	<u>2,838</u>
Net cash flows from operating activities	(2,629)	2,167
CASH AND CASH EQUIVALENTS - beginning of year	<u>23,200</u>	<u>21,033</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 20,571</u>	<u>\$ 23,200</u>

The accompanying notes are an integral part of these statements.

2-1-1 NEW YORK INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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 (U.S. GAAP).

Change in Accounting Principles

ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. 2-1-1 New York adopted ASC 606 as of January 1, 2019 using a modified retrospective approach. There was no effect on total net assets or changes in net assets due to the adoption of ASC 606.

ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore had no effect on the financial position or results of operations for the year ended December 31, 2018. There was no effect from the change in accounting principle on the financial position or results of operations for the year ended December 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance 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.

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.

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

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. Contributions are recognized as support and revenues when they are received or unconditionally pledged.

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 contributions with donor imposes restrictions 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. 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>2019</u>	<u>2018</u>
Financial assets available to meet cash need for general expenditure within one year:		
Cash and cash equivalents	\$ 20,571	\$ 23,200
Accounts receivables	<u>452,277</u>	<u>428,544</u>
	<u>\$ 472,848</u>	<u>\$ 451,744</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, 2019, 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, 2019 and 2018, 2-1-1 New York expended approximately \$1,350,000 and \$1,125,000 of these funds, respectively.

5. TRANSACTIONS WITH AFFILIATE

During the years ended December 31, 2019 and 2018, 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 \$107,675 and \$100,033, respectively. This amount is reimbursed to UWNYS. At December 31, 2019 and 2018, \$42,491 and \$40,713, respectively, was due to UWNYS.

6. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on 2-1-1 New York and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through June 16, 2020, which is the date the financial statements were available to be issued.