

NYC Medics

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

Board of Directors **NYC Medics**

We have audited the accompanying financial statements of NYC Medics (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, 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.

Emphasis of a Matter

The accompanying financial statements have been prepared assuming the Organization will continue as a going concern. As discussed in Note 1 to the financial statements, the Organization sustained several years of recurring operating losses. In addition, the Organization does not have liquid current assets sufficient to meet its liabilities and other obligations at December 31, 2018. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 1. The financial statements do not include adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018 the Organization adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

Newburgh, New York
February 20, 2020

NYC Medics

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 2,580	\$ 134,452
Grant receivable	-	67,020
Security deposit	<u>2,550</u>	<u>2,550</u>
	<u>\$ 5,130</u>	<u>\$ 204,022</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 73,027	\$ 56,879
Loan payable to Board Member	<u>31,500</u>	<u>-</u>
	<u>104,527</u>	<u>56,879</u>
NET ASSETS		
Without donor restrictions	<u>(99,397)</u>	<u>147,143</u>
	<u>\$ 5,130</u>	<u>\$ 204,022</u>

See notes to financial statements

NYC Medics

Statements of Activities

	Year Ended December 31,	
	2018	2017
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Grant revenue	\$ -	\$ 1,750,077
Contributions		
Individuals	34,753	99,766
Corporate	10,995	5,751
Fundraising	5,312	5,350
Total Revenue and Support	51,060	1,860,944
EXPENSES		
Program services	140,175	1,551,327
Management and general	97,435	126,715
Fundraising	59,990	17,007
Total Expenses	297,600	1,695,049
Change in Net Assets	(246,540)	165,895
NET ASSETS		
Beginning of year	147,143	(18,752)
End of year	\$ (99,397)	\$ 147,143

See notes to financial statements

NYC Medics

Statements of Functional Expenses
Year End December 31,

	2018				2017			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 67,162	\$ 40,609	\$ 48,419	\$ 156,190	\$ 78,691	\$ 21,058	\$ 11,084	\$ 110,833
Payroll taxes	4,865	2,941	3,507	11,313	7,202	1,927	1,014	10,143
Disaster relief supplies	25,271	-	-	25,271	1,231,362	-	-	1,231,362
Accounting fees	-	16,000	-	16,000	-	15,800	-	15,800
Contracted services	-	1,358	-	1,358	-	37,319	-	37,319
Insurance	15,674	4,951	-	20,625	9,846	29,539	-	39,385
Office expense	5,623	5,561	-	11,184	704	3,988	-	4,692
Rent	10,000	18,960	-	28,960	1,192	6,752	-	7,944
Bank fees	-	3,890	-	3,890	-	2,621	-	2,621
Fundraising	-	-	8,064	8,064	-	-	4,909	4,909
Telephone	188	-	-	188	451	-	-	451
Travel	11,392	315	-	11,707	221,769	6,859	-	228,628
Payroll processing fee	-	911	-	911	-	852	-	852
Advertising	-	1,939	-	1,939	110	-	-	110
Total Expenses	\$ 140,175	\$ 97,435	\$ 59,990	\$ 297,600	\$ 1,551,327	\$ 126,715	\$ 17,007	\$ 1,695,049

See notes to financial statements

NYC Medics

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (246,540)	\$ 165,895
Adjustments to reconcile change in net assets to net cash from operating activities		
Changes in operating assets and liabilities		
Grant receivable	67,020	(67,020)
Security deposit	-	(125)
Accounts payable and accrued expenses	16,148	21,291
Net Cash from Operating Activities	<u>(163,372)</u>	<u>120,041</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable to Board Member	31,500	-
Net Change in Cash and Cash Equivalents	(131,872)	120,041
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>134,452</u>	<u>14,411</u>
End of year	<u>\$ 2,580</u>	<u>\$ 134,452</u>

See notes to financial statements

NYC Medics

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization

NYC Medics (the "Organization") was founded in 2006 to rapidly deploy to remote and difficult to reach areas in global disaster zones and complex humanitarian emergencies. Providing the highest level of care with dignity and compassion to the people who would otherwise not have access to aid and relief efforts.

The Internal Revenue Service has determined that the Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management's Plan Regarding Uncertainty (unaudited)

The Organization's management team, in consultation with the Board, have identified a number of strategies to better manage the Organization's costs and debt burdens and also address sources of additional funding for future years. Management provides no assurances as to the ultimate success of any of these undertakings, but each identified plan was commenced during the course of 2019 to address the Organization's ongoing viability:

Cost and Debt Reduction Strategies

Management undertook a number of initiatives during the course of 2019, which will continue into 2020 and beyond, to better rationalize the Organization's costs and debt burdens to ensure better financial stability through periods where broad-based fundraising and or project-based grants are not readily available.

'Sales' of Additional Services and Service Models

The Organization is not a traditional operation that sells goods and services. Historically, the projects it deploys on are solely created on an acute needs basis, with the organization deploying its staff and volunteer resources in respect of an immediate need.

However, in connection with the expanding view by the World Health Organization ("WHO") and other similarly minded organizations there is an increasing realization that there is a need for pre-hospital emergency need in many regions across the globe, and that the deployment of basic training, staffing and equipping of ambulance and related pre-hospital services in these areas can have a material impact on reducing mortality and morbidity in these regions.

Major Gifts Campaign

Starting in late 2019, the Organization has commenced a 'major gifts' donation campaign. The design of this program is to identify 3-5 'major gift' donors with request that they provide capital to the Organization of at least \$250,000 in infrastructure support to ensure the sustainable future of the Organization, and additional 'stand-by' funds in increments of \$25,000 to provide on-call money for future disaster deployments. Management is currently in talks with several donors who have shown interest in this gift structure and who have been historic donors on prior missions undertaken by the Organization.

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Notes to Financial Statements
December 31, 2018 and 2017

1. Organization (*continued*)

Management's Plan Regarding Uncertainty (unaudited) (continued)

Major Gifts Campaign (continued)

The nature of this 'major gifts' campaign is a material change from prior fund raising efforts by the Organization. Historically, the Organization has relied on disaster-based gifting, focusing on 'friends and family' campaigns to bring in funds as an individual disaster deployment occurs. Recognizing both the Organization's current operating deficiencies and needs for sustained funding, Management believes that a successful 'major gifts' program is a better use of the Organization's resources to identify such sources of funding.

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 ("U.S. 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Net assets are classified based on the presence or absence of donor imposed restrictions. Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions – consist of resources available for the general support of the Organization's operations. Net assets without donor restrictions may be used at the discretion of the Organization's management and Board of Directors (the "Board").

With donor restrictions – represent amounts by donors for specific activities of the Organization or to be used at some future date. The Organization records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Amounts restricted by donors for the Organization's operating programs whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies *(continued)*

Recently Adopted Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial assets accordingly.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with maturities of three months or less at the time of purchase.

Grant Receivable

Grant receivable represents the request for reimbursement that is sent to the funding source. Reimbursement requests are net of any advances received from the funding source. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of each account. Balances that remain outstanding after management has used reasonable collection efforts are written off through a reduction in the valuation allowance and a reduction in accounts receivable.

As of December 31, 2017, no allowance for doubtful accounts has been deemed necessary. As of December 31, 2018 the Organization did not have any grants receivable.

Contributions

Contributions are recorded as net assets with donor restrictions and revenue and support if they are received with donor imposed restrictions that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Functional Allocation of Expenses

The costs of providing the Organization’s programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on the basis of estimates of time and effort or purpose and function. Such allocations are determined by management.

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Notes to Financial Statements
December 31, 2018 and 2017

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

Advertising

The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2018 and 2017 was \$1,939 and \$110.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2015.

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 20, 2020.

3. Operating Lease

The Organization has operating lease agreements for administrative office and storage space that are on a month to month basis or expired during the year ended December 31, 2017. Total rent expense under these agreements for the years ended December 31, 2018 and 2017 was \$28,960 and \$7,944.

4. Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents and receivables. At times, cash balances held at financial institutions may be in excess of federally insured limits. The Organization has not experienced any losses on its cash deposits and believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents or receivables. The Organization receives a substantial amount of its support from donations and grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the program and activity provided by the Organization.

5. Concentration of Revenue

For the year ended December 31, 2017 100% of the Organization's grant revenue and 94% of total revenue came from one organization. The grant receivable as of December 31, 2017 totaling \$67,020 or 100% of the grant receivable, is due from this organization. For the year end December 31, 2018 no such concentration exists.

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Notes to Financial Statements
December 31, 2018 and 2017

6. Related Parties Transactions

During 2018, the Organization borrowed \$31,500 from a member of the Board for ongoing operations. The loan had no stated interest rate and no defined due date.

7. Liquidity and Availability

Financial assets available for general expenditures within one year of December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Total assets	\$ 5,130	\$ 204,022
Less:		
Security deposit	<u>2,550</u>	<u>2,550</u>
Financial Assets Available Within One Year	<u>\$ 2,580</u>	<u>\$ 201,472</u>

Management and the Board are aware of the Organizations financial distress and are investigating new sources of revenue including donations and grants. To help sustain operations, the organization has used a credit card for purchases and has borrowed funds from a board member. Additionally, a member of management has not taken salary for five pay periods during 2018, which is included in accrued expenses on the statement of financial position.

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