

NYC Medics

Financial Statements with Independent Auditor's Report

Year Ended December 31, 2020

NYC Medics

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Independent Auditor's Report

To the Board of Directors
NYC Medics

Opinion

We have audited the accompanying financial statements of NYC Medics (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 NYC Medics as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 NYC Medics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 combined 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 combined 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 NYC Medics' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 NYC Medics' 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 NYC Medics' 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.

Nanavaty, Davenport, Studley & White, LLP

November 5, 2021

NYC Medics

Statement of Financial Position

At December 31, 2020

ASSETS

Cash and cash equivalents	\$	686,587
Grants receivable		48,664
Prepaid expenses		95,962
Total assets	\$	<u>831,213</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses		133,171
Accrued payroll		17,734
Deferred revenue		847,144
Other liabilities		5,000
Total liabilities		<u>1,003,049</u>

Net Assets:

Without donor restrictions		(171,836)
Total Liabilities and Net Assets	\$	<u>831,213</u>

The accompanying notes are an integral part of the financial statements.

Statement of Activities

For the Year Ended December 31, 2020

Support and Revenues:

Grant revenue	\$ 869,307
Contributions:	
Individuals	17,851
Corporate	7,341
Total support and revenues	<u>894,499</u>

Expenses:

Program services	840,768
Support services:	
Management and general expenses	48,945
Fundraising	10,994
Total program and support service expenses	<u>900,707</u>

Change in net assets	(6,208)
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Net assets without donor restrictions at the beginning of the year	<u>(165,628)</u>
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Net assets without donor restrictions at the end of the year	<u><u>\$ (171,836)</u></u>
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The accompanying notes are an integral part of the financial statements.

NYC Medics

Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Salaries and wages	\$ 80,026	\$ 9,415	\$ 4,707	\$ 94,148
Employee benefits and stipends	12,852	1,512	756	15,120
Payroll taxes	5,823	685	342	6,850
Contracted services	374,155	8,892	-	383,047
Advertising & marketing	888	-	3,082	3,970
Bank fees	497	6,478	30	7,005
Deployment transportation	9,227	-	-	9,227
Deployment housing	36,558	-	-	36,558
Deployment supplies and services	111,382	-	-	111,382
Medical supplies	73,966	-	-	73,966
Professional fees	34,840	18,400	-	53,240
Payroll processing fees	531	62	31	624
Rent	10,659	1,140	-	11,799
Technology	925	757	2,046	3,728
Training	18,187	-	-	18,187
Travel fees	29,837	70	-	29,907
Telephone	671	226	-	897
Office expense	8,883	9	-	8,892
Insurance	30,861	1,299	-	32,160
Total expenses	<u>\$ 840,768</u>	<u>\$ 48,945</u>	<u>\$ 10,994</u>	<u>\$ 900,707</u>

The accompanying notes are an integral part of the financial statements.

NYC Medics

Statement of Cash Flows

For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ (6,208)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Increase in grants receivable	(48,664)
Increase in prepaid expenses	(95,467)
Increase in accounts payable and accrued expenses	42,883
Decrease in accrued payroll	(54,820)
Increase in deferred revenue	847,144
Net cash provided by operating activities	<u>684,868</u>
Net increase in cash	684,868
Cash and cash equivalents at beginning of year	<u>1,719</u>
Cash and cash equivalents at end of year	<u><u>\$ 686,587</u></u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

NOTE 1 - ORGANIZATION

NYC Medics (the “Organization”) is a nonprofit corporation founded in 2006 to rapidly deploy mobile medical teams to remote areas of global disaster zones and humanitarian emergencies. Its mission is to provide the highest level of medical care with dignity and compassion to those who otherwise would not have access to aid and relief efforts. The Organization is funded primarily from grants from the World Health Organization, and individual and corporate donations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation – The Organization prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization is required to report information regarding its financial position according to the classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. The Organization has no net assets with donor restrictions.

Revenue Recognition – The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), as management believes the standard improves the usefulness and understandability of its financial statements. Analysis of various provisions of this standard resulted in no significant changes in the way the organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest, is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend have been met. Contributions receivable that are expected to be collected in more than one year are discounted to their present value.

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. Contributions received whose restrictions are met in the same period are recognized as net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Notes to Financial Statements (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

In 2020, the Organization received grants from the World Health Organization for prehospital care health systems development in Gaza and Yemen. Grants and contracts are generally considered exchange transactions in which the grantor or contractor requires the performance of specified activities. Revenue is recognized to the extent of grant expenditures or the extent of performance achieved. The unexpended portion of grant income restricted for a specific use or for use in a future period is reported as deferred revenue. Deferred revenue totaled \$847,144 for the year ended December 31, 2020.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers donated their time to the Organization's fund raising and program activities; however, these donated services do not meet the criteria for recognition of contributed services and are not reflected in the financial statements.

Cash and Cash Equivalents – The Organization maintains its cash deposits at financial institutions in the United States and in Yemen. Cash and cash equivalents are deposits with a maturity of three months or less.

Grants Receivable – Grants receivable represent 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, 2020, no allowance for doubtful accounts has been deemed necessary. The Organization had a grants receivable amount of \$48,664 at December 31, 2020. This grants receivable amount was subsequently received in full in January 2021.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Income Taxes – NYC Medics is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described under Section 501(c)(3). Management is not aware of any course of action or series of events that have occurred that might adversely affect the Organization's exempt status. Accounting principles generally accepted in the United States of America (GAAP) require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

Notes to Financial Statements (continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it is no longer subject to income tax examinations for years prior to 2017.

Functional Expenses and Cost Allocation – The Organization allocates its costs on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Expenses that are common to several functions have been allocated using a reasonable basis that is consistently applied. These expenses are allocated on the basis of estimates of time and effort spent in the applicable functions, and are determined by the Organization’s management.

Subsequent Events – In preparing these financial statements, management has evaluated subsequent events through November 5, 2021, the date these financial statements were available to be issued, for recognition and/or disclosure in these financial statements. There are no subsequent events that require disclosure.

NOTE 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, 2020. Total rent expense under these agreements for the year ended December 31, 2020 was \$11,799.

NOTE 4 - CONCENTRATIONS

Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions in the United States and Yemen, and credit exposure is limited to those institutions. At times, during the year and at year end, the balance in the account in the U.S. bank may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits of \$250,000. There is no similar depository insurance in Yemen. The Organization closely monitors their bank accounts in both countries for risk and has not experienced any losses on such deposits.

Concentration of Revenue

Revenue is concentrated because 100% of the Organization’s grant revenue and 97% of total revenue came from the World Health Organization. The grants receivable as of December 31, 2020 totaling \$48,664, is also due from the World Health Organization.

Notes to Financial Statements (continued)

NOTE 5 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one-year of the statement of financial position date for general expenditure is as follows:

Cash and cash equivalents	\$ 686,587
Grants receivable	48,664
	<u>735,251</u>
Less those unavailable for general expenditures within one-year:	
Accounts payable and accrued expenses	(133,171)
Accrued payroll	(17,734)
Other liabilities	(5,000)
	<u>(155,905)</u>
Total financial assets available to management for general expenditures within one-year	<u>\$ 579,346</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates sufficient revenue to cover general expenditures.

NOTE 6 - RISKS AND UNCERTAINTIES

The Organization has received grants for specific purposes that are subject to review and audit by the grantor agency. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. Based upon prior experience, management believes such disallowances, if any, will not be material.

The Organization receives its grants from one organization and much of its contributions revenue from businesses and individuals located in the United States. The recent COVID-19 outbreak has caused economic interruptions through mandated and voluntary closings of businesses and organizations throughout the country. While the interruption is currently expected to be temporary, there is considerable uncertainty as to the duration and long-term effects of COVID-19 on the economy. Due to the uncertainties that exist, the Organization is unable to reasonably estimate the future financial impact that this may have on its operations.

During the year ended December 31, 2020, the Organization had a decrease in net assets and negative working capital of \$171,386, but a positive cash flow from operating activities of \$684,868. The negative working capital balance was mainly due to the deferred revenue balance of \$887,144. This amount was expended in the subsequent year.

Notes to Financial Statements (continued)

NOTE 6 - RISKS AND UNCERTAINTIES (continued)

In 2021, the Organization also received the \$48,664 in grants receivable, a new grant for Gaza of \$150,000, and the second of three installment payments for Yemen in the amount of \$913,077. The Organization anticipates receiving the third and final payment of \$609,718 for Yemen by the end of 2021/early 2022 when the current project is completed. The Organization believes it has sufficient cash and net assets to operate over the next 12 months. However, additional funding will be necessary to meet the increasing demand for its services.

The Organization has prepared its fundraising strategy for 2022 as part of our going-concern evaluation. Additional grant applications to extend its Yemen and Gaza projects totaling approximately \$5,000,000 are underway. The Organization is also planning on obtaining donations to help fund its operations. Their fundraising strategy includes fundraising \$250,000 in a major gifts campaign and another \$150,000 through other fundraising avenues. However, the Organization's fundraising efforts may be adversely affected by the downturn in the economy and uncertain market conditions due to the Covid-19 pandemic.