

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017



chhaya CDC

Sustaining Homes
Strengthening Communities

William R. Oster CPA LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chhaya Community Development Corporation

I have audited the accompanying financial statements of Chhaya Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chhaya Community Development Corporation as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of Chhaya Community Development Corporation as of and for the year ended December 31, 2016 were audited by other auditors whose reported, dated June 30, 2017, expressed an unmodified opinion on those statements.

William R. Aetis

New York, New York
September 29, 2018

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Statements of Financial Position
December 31,

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 382,542	\$ 346,049
Grants receivables	337,086	172,836
Other receivables	97,293	141,774
Prepaid expenses	6,102	6,798
Total Current Assets	<u>823,023</u>	<u>667,457</u>
 Security deposit	 <u>11,020</u>	 <u>11,020</u>
 Total Assets	 <u><u>\$ 834,043</u></u>	 <u><u>\$ 678,477</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 17,402	\$ 57,745
Contract advances	22,106	-
Grant payable	5,000	-
Total Current Liabilities	<u>44,508</u>	<u>57,745</u>
 NET ASSETS		
Unrestricted net assets	572,559	306,075
Temporarily restricted net assets	<u>216,976</u>	<u>314,657</u>
 Total Net Assets	 <u>789,535</u>	 <u>620,732</u>
 Total Liabilities and Net Assets	 <u><u>\$ 834,043</u></u>	 <u><u>\$ 678,477</u></u>

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Statements of Activities and Changes in Net Assets
Years Ended December 31,

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Grants and contracts	\$ 487,675	\$ 406,700	\$ 894,375	\$ 389,699	578,162	967,861
Contributions	175,395		175,395	153,320	-	153,320
Special events, net of direct expenses of \$45,638	81,295	-	81,295	61,334	-	61,334
Program revenue	66,141	-	66,141	54,611	-	54,611
Interest and other income	4,834	-	4,834	69,919	-	69,919
Net assets released from restriction	504,381	(504,381)	-	629,838	(629,838)	-
Total Public Support and Revenue	1,319,721	(97,681)	1,222,040	1,358,721	(51,676)	1,307,045
FUNCTIONAL EXPENSES						
Program	822,044	-	822,044	911,081	-	911,081
Management and general	141,644	-	141,644	134,530	-	134,530
Fundraising	89,549	-	89,549	109,990	-	109,990
Total Expenses	1,053,237	-	1,053,237	1,155,601	-	1,155,601
CHANGE IN NET ASSETS	266,484	(97,681)	168,803	203,120	(51,676)	151,444
NET ASSETS						
Beginning of year	306,075	314,657	620,732	102,955	366,333	469,288
End of year	\$ 572,559	\$ 216,976	\$ 789,535	\$ 306,075	\$ 314,657	\$ 620,732

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Statement of Functional Expenses
Year ended December 31, 2017

	Program Services							
	Advocacy and Community Organizing	Housing Preservation	Asset Building	Neighborhood Planning and Development	Total Program	Management and General	Fundraising	Total
Personnel								
Salaries	\$ 160,252	\$ 213,634	\$ 129,531	\$ 40,853	\$ 544,270	\$ 56,649	\$ 56,649	\$ 657,568
Fringe benefits	26,295	35,054	21,254	6,703	89,306	9,295	9,295	107,896
Personnel	186,547	248,688	150,785	47,556	633,576	65,944	65,944	765,464
Operating								
Marketing and outreach expenses	7,410	2,425	-	-	9,835	2,425	1,213	13,473
Meeting and foods	3,995	2,871	-	250	7,116	2,871	2,497	12,484
Membership and collaboration	2,714	3,618	2,193	692	9,217	959	959	11,135
Printing	979	1,305	792	250	3,326	346	346	4,018
Staff training	796	1,062	644	203	2,705	282	282	3,269
Matching and incentive	-	-	360	-	360	-	-	360
Supplies and postage	2,715	3,619	2,194	692	9,220	960	960	11,140
Translation	60	-	-	-	60	-	-	60
Cleaning, equipment and maintenance	5,426	7,233	4,386	1,383	18,428	1,918	1,918	22,264
Rent	18,197	24,259	14,709	4,639	61,804	6,433	6,433	74,670
Telephone and internet	2,598	3,463	2,100	662	8,823	918	918	10,659
Consultant	-	-	-	-	-	11,960	5,980	17,940
General insurance	2,048	2,730	1,655	522	6,955	724	724	8,403
Professional services and fees	3,592	4,789	25,013	916	34,310	38,119	1,270	73,699
Subcontractor	2,336	4,541	-	1,817	8,694	4,282	-	12,976
Bad debts	850	5,597	-	-	6,447	-	-	6,447
Other	-	634	459	75	1,168	3,503	105	4,776
Total Functional Expenses	\$ 240,263	\$ 316,834	\$ 205,290	\$ 59,657	\$ 822,044	\$ 141,644	\$ 89,549	\$ 1,053,237

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Statement of Functional Expenses
Year ended December 31, 2016

	Program Services							
	Advocacy and Community Organizing	Housing Preservation	Asset Building	Neighborhood Planning and Development	Total Program	Management and General	Fundraising	Total
Personnel								
Salaries	\$ 171,004	\$ 193,248	\$ 192,692	\$ 48,660	\$ 605,604	\$ 36,147	\$ 52,830	\$ 694,581
Payroll taxes	31,351	35,429	35,327	8,921	111,028	6,627	9,686	127,341
Personnel	202,355	228,677	228,019	57,581	716,632	42,774	62,516	821,922
Operating								
Marketing and outreach expenses	2,426	2,426	2,426	2,426	9,704	-	-	9,704
Meeting and foods	1,254	2,759	1,003	-	5,016	1,756	18,308	25,080
Membership and collaboration	3,294	3,723	3,712	937	11,666	696	1,018	13,380
Printing	560	560	560	560	2,240	1,121	2,241	5,602
Staff training	2,760	3,119	3,110	785	9,774	583	853	11,210
Stipends	2,334	2,334	2,334	2,334	9,336	-	-	9,336
Matching and incentive	53	53	53	53	212	-	-	212
Supplies and postage	1,181	-	787	-	1,968	36,210	1,181	39,359
Translation	-	-	475	-	475	-	-	475
Cleaning, equipment and maintenance	3,125	3,532	3,522	889	11,068	661	966	12,695
Rent	18,292	20,671	20,612	5,205	64,780	3,867	5,651	74,298
Telephone and internet	1,445	1,633	1,629	411	5,118	306	447	5,871
Utilities	1,189	1,344	1,340	338	4,211	251	367	4,829
Consultant	-	-	-	-	-	5,000	13,800	18,800
General insurance	1,983	2,241	2,234	564	7,022	419	613	8,054
Professional services and fees	6,039	5,110	5,575	4,181	20,905	24,621	929	46,455
Subcontractor	8,316	16,170	-	6,468	30,954	15,246	-	46,200
Other	-	-	-	-	-	1,019	1,100	2,119
Total Functional Expenses	\$ 256,606	\$ 294,352	\$ 277,391	\$ 82,732	\$ 911,081	\$ 134,530	\$ 109,990	\$ 1,155,601

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Statements of Cash Flows Years Ended December 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 168,803	\$ 151,444
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Changes in operating assets and liabilities		
Grants receivables	(164,250)	(59,807)
Other receivables	44,481	-
Prepaid expenses	696	1,298
Accounts payable and accrued expenses	(40,343)	33,495
Contract advances	22,106	-
Grant payable	5,000	-
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Net cash from operating activities	36,493	126,430
 CASH		
Beginning of year	346,049	219,619
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End of year	\$ 382,542	\$ 346,049
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See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements December 31, 2017 and 2016

1. Organization

Chhaya Community Development Corporation (“Chhaya”) was organized in March 2001 as a non-profit corporation under the Laws of the State of New York and is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. Chhaya is dedicated to working with New Yorkers of South Asian origin to advocate for and build economically stable, sustainable and thriving communities. Chhaya carries out this work in several ways, including free direct services, education and outreach, community organizing, research and policy, as well as both local and citywide coalition-building. Chhaya is able to impact a range of social outcomes including education, employment civic participation, community pride, as well as mental health and wellbeing. Its work encompasses tenant rights, financial capacity building, sustainable homeownership, foreclosure prevention, energy efficiency, women’s financial empowerment, workforce development and civic engagement, as well as broader community building, research and advocacy around community needs.

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 contingencies, if any, at the date of the financial statements, and the reported amounts of support and revenue and expenses during the period then ended. Actual results could differ from those estimates.

Revenue Recognition and Receivables

Revenues are recognized in the period program related services are provided and are reported at estimated net realizable amounts.

Receivables are recorded at the net realizable value and do not bear interest. The allowance for doubtful accounts is Chhaya’s best estimate of the amount of probable credit losses in existing receivables. Management determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. At December 31, 2017 and 2016, there are no allowances recorded.

Property and Equipment

Property and equipment is stated at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the assets. Costs related to normal repairs and maintenance is expensed as incurred. Leasehold improvements of \$9,363, with an estimated life of 5 years, have been fully depreciated.

Presentation of Net Assets

Unrestricted net assets include funds having no restriction as to use or purpose imposed by a donor and are therefore available for use in carrying out the general operations of Chhaya. Unrestricted net assets may be designated for specific purposes by actions of the Board of Directors. Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors for investment in perpetuity.

There were no permanently restricted net assets at December 31, 2017 and 2016.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements December 31, 2017 and 2016

Functional Allocation of Expenses

Expenses have been charged to program and supporting services, either directly when identifiable to a specific program, or indirectly based on management's estimate of the functional area benefited.

Concentration of Credit Risk and Revenue

Chhaya maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits and has not experienced any losses on its cash deposits.

At December 31, 2017 and 2016, amounts due from three sources accounted for approximately 70% and 46%, respectively, of receivables.

For the year ended December 31, 2017, four grant sources accounted for approximately 72% of grant and contract revenue and for the year ended December 31, 2016, five grant sources accounted for approximately 68% of grant and contract revenue.

Income Taxes

Chhaya qualifies as a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management believes that there are no uncertain tax positions or unrecognized tax benefits as of and for the years ended December 31, 2017 and 2016.

Chhaya is no longer subject to income tax examination by the federal or state authorities for years before 2014.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities". Under the new guidance, the existing three-category classification of net assets will be collapsed into two categories: with donor restrictions and without donor restrictions. Endowments that have a current fair value that is less than the original gift amount (underwater) will be classified in net assets with donor restrictions and expanded disclosures will be required. Additional requirements include disclosure of board-designated net assets, expanded reporting to present expenses by function and natural classification and eliminating the disclosure of investment expenses that are netted against investment returns. ASU No. 2016-14 is effective for the fiscal years beginning after December 15, 2017 and early adoption is permitted. Chhaya has not yet evaluated the impact this adoption will have on the financial statements.

2. Line of Credit

Chhaya has a line of credit with a banking institution in the amount of \$200,000, with interest calculated at prime plus 3.5%. As of December 31, 2017 and 2016, there was no outstanding balance.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements December 31, 2017 and 2016

3. Commitment

Chhaya has entered into a non-cancelable lease agreement for office space that expires in July 2019. Future minimum lease payments are as follows:

2018	\$	75,412
2019	\$	50,275

For the years ended December 31, 2017 and 2016, rent expense amounted to \$74,699 and \$74,298.

4. Retirement Plan

Chhaya has a 403(b) retirement plan (the "Plan") that covers all employees meeting certain eligibility requirements. Employees voluntarily make contributions to the Plan based on limits established under the Internal Revenue Code. Metropolitan Life Insurance Company provides directed administrative and recordkeeping services to the Plan. For the years ended December 31, 2017 and 2016, Chhaya made matching contributions to the Plan of \$4,419 and \$6,139.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts awarded to Chhaya for various programs that are time restricted.

Temporarily restricted net assets at December 31, 2017 and 2016 amount to \$216,976 and \$314,657 are for various program activities.

6. Subsequent Events

Management has evaluated subsequent events occurring through September 29, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, management has determined that no subsequent events have occurred which require disclosure in the financial statements.