

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2016



chhaya CDC

**Sustaining Homes
Strengthening Communities**

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chhaya Community Development Corporation

We 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, 2016, 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

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.

Opinion

In our 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, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the Chhaya Community Development Corporation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Koch Group & Company, LLP

Certified Public Accountants

New York, New York
June 30, 2017

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2016

(With Comparative Totals as of December 31, 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 346,049	\$ 219,619
Receivables	314,610	254,803
Prepaid expenses	<u>6,798</u>	<u>8,096</u>
Total Current Assets	667,457	482,518
Security deposit	<u>11,020</u>	<u>11,020</u>
Total Assets	<u><u>\$ 678,477</u></u>	<u><u>\$ 493,538</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 57,745</u>	<u>\$ 24,250</u>
NET ASSETS		
Unrestricted net assets	306,075	102,955
Temporarily restricted net assets	<u>314,657</u>	<u>366,333</u>
Total Net Assets	<u>620,732</u>	<u>469,288</u>
Total Liabilities and Net Assets	<u><u>\$ 678,477</u></u>	<u><u>\$ 493,538</u></u>

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2016
 (With Summarized Totals for the Year Ended December 31, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
PUBLIC SUPPORT AND REVENUE				
Grants and contracts	\$ 389,699	\$ 578,162	\$ 967,861	\$ 1,152,284
Contributions	153,320	-	153,320	-
Special events, net of direct expenses of \$17,376	61,334	-	61,334	-
Program revenue	54,611	-	54,611	40,432
Interest and other income	69,919	-	69,919	6,816
Net assets released from restriction	629,838	(629,838)	-	-
Total Public Support and Revenue	1,358,721	(51,676)	1,307,045	1,199,532
FUNCTIONAL EXPENSES				
Program	911,081	-	911,081	832,145
Management and general	134,530	-	134,530	122,882
Fundraising	109,990	-	109,990	113,025
Total Expenses	1,155,601	-	1,155,601	1,068,052
CHANGE IN NET ASSETS	203,120	(51,676)	151,444	131,480
NET ASSETS				
Beginning of year	102,955	366,333	469,288	337,808
End of year	\$ 306,075	\$ 314,657	\$ 620,732	\$ 469,288

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

(With Summarized Totals for the Year Ended December 31, 2015)

	Program Services				Total Program	Supporting Services		2016	2015
	Advocacy and Community Organizing	Housing Preservation	Asset Building	Neighborhood Planning and Development		Management and General	Fundraising		
Personnel salaries									
Salaries	\$ 171,004	\$ 193,248	\$ 192,692	\$ 48,660	\$ 605,604	\$ 36,147	\$ 52,830	\$ 694,581	\$ 680,631
Payroll taxes	31,351	35,429	35,327	8,921	111,028	6,627	9,686	127,341	133,819
Personnel	202,355	228,677	228,019	57,581	716,632	42,774	62,516	821,922	814,450
Operating									
Marketing and outreach expenses	2,426	2,426	2,426	2,426	9,704	-	-	9,704	6,025
Meeting and foods	1,254	2,759	1,003	-	5,016	1,756	18,308	25,080	17,450
Membership and collaboration	3,294	3,723	3,712	937	11,666	696	1,018	13,380	14,358
Printing	560	560	560	560	2,240	1,121	2,241	5,602	3,859
Staff training	2,760	3,119	3,110	785	9,774	583	853	11,210	12,631
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	5,598
Translation	-	-	475	-	475	-	-	475	-
Cleaning, equipment and maintenance	3,125	3,532	3,522	889	11,068	661	966	12,695	19,105
Rent	18,292	20,671	20,612	5,205	64,780	3,867	5,651	74,298	78,353
Telephone and internet	1,445	1,633	1,629	411	5,118	306	447	5,871	7,988
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	8,641
Professional services and fees	6,039	5,110	5,575	4,181	20,905	24,621	929	46,455	77,545
Subcontractor	8,316	16,170	-	6,468	30,954	15,246	-	46,200	-
Other	-	-	-	-	-	1,019	1,100	2,119	2,049
Total Functional Expenses	\$ 256,606	\$ 294,352	\$ 277,391	\$ 82,732	\$ 911,081	\$ 134,530	\$ 109,990	\$ 1,155,601	\$ 1,068,052

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016
(With Summarized Totals for the Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 151,444	\$ 131,480
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Changes in operating assets and liabilities		
Receivables	(59,807)	39,591
Prepaid expenses	1,298	4,195
Accounts payable and accrued expenses	<u>33,495</u>	<u>(42,444)</u>
Net cash from operating activities	126,430	132,822
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>219,619</u>	<u>86,797</u>
End of year	<u><u>\$ 346,049</u></u>	<u><u>\$ 219,619</u></u>

See notes to financial statements.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 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

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

Receivables

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. There are no allowances recorded at December 31, 2016.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

2. Summary of Significant Accounting Policies (continued)

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.

Temporarily restricted net assets at December 31, 2016 totaling \$314,657 are for various program activities.

There were no permanently restricted net assets at December 31, 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, 2016, amounts due from three sources accounted for approximately 46% of receivables.

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

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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.

Accounting principles generally accepted in the United States of America ("GAAP") require evaluation of the tax positions taken or expected to be taken in the course of preparing the Chhaya's tax returns to determine whether the tax positions are more likely than not sustainable upon examination by the applicable taxing authorities, based on the technical merits of the tax position, and then recognizing the tax benefit that is more likely than not to be realizable. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current reporting period. Management believes the effects of any such positions would be immaterial to the overall financial statements.

Chhaya's 2013 Federal and New York State income tax returns remain subject to examination by the relevant taxing authorities.

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.

3. **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, 2016, there was no outstanding balance.

CHHAYA COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

4. 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:

2017	\$	74,668
2018		75,412
2019		<u>50,275</u>
	\$	<u>200,355</u>

5. 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. For the year ended December 31, 2016, Chhaya made matching contributions to the Plan of \$6,139.

6. Subsequent Events

Management has evaluated subsequent events occurring through June 30, 2017, 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.