

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Asian Council for Social Services, Inc.

We have audited the accompanying financial statements of South Asian Council for Social Services, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities for the year then ended, statement of functional expenses for the year ended December 31, 2019, and statements of cash flows for the year ended December 31, 2019, 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 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 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 South Asian Council for Social Services, Inc. as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, for the year ended December 31, 2019, South Asian Council for Social Services, Inc. adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, ASU 2018-08 Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made and ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Our opinion is not modified with respect to these matters.

Prior Year Audited by Other Auditors and Summarized Comparative Information

The 2018 financial statements were audited by other auditors and their report thereon, dated October 15, 2019, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



New York, New York

April 29, 2020

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

	2019	2018
<u>ASSETS</u>		
Current assets:		
Cash in operating account	\$ 226,234	\$ 208,594
Cash in money market account	252,486	43,979
Petty cash	1,206	64
Grants receivable	522,746	455,443
Prepaid expenses	5,129	-
Total current assets	1,007,801	708,080
Property and equipment, net	41,979	47,827
Other assets:		
Security deposit	6,000	6,000
TOTAL ASSETS	\$ 1,055,780	\$ 761,907

<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,008	\$ 23,299
Deferred Grants	192,427	-
Total current liabilities	204,435	23,299
Net Assets without donor restrictions	851,345	738,608
TOTAL LIABILITIES AND NET ASSETS	\$ 1,055,780	\$ 761,907

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Revenue and other support:		
Grants	\$ 701,193	\$ 658,619
Revenue from special events		
Special event income	67,349	62,569
Less: direct costs	15,412	12,326
Net revenue from special events	51,937	50,243
Other support:		
Government Contracts	694,329	679,791
Contributions	203,597	145,776
Interest Income	3,048	201
Total other support	900,975	825,768
Total revenue and other support	\$ 1,654,105	\$ 1,534,630
Expenses:		
Program services	1,309,396	1,139,513
General and administrative	156,953	135,691
Fundraising expenses	75,019	40,600
Total expenses	\$ 1,541,368	\$ 1,315,804
Change in net assets without restrictions	\$ 112,737	\$ 218,826
Net assets without donor restrictions - beginning		\$ 519,782
Net assets beginning of year	\$ 738,608	
NET ASSETS WITHOUT DONOR RESTRICTIONS -		
ENDING	\$ 851,345	\$ 738,608

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019				2018		
	Supporting Services						
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Special Event Direct Costs	Total	Summarized Total
Depreciation	6,793	3,963	566	4,529	-	11,322	8,959
Event production	-	-	-	-	4,287	4,287	4,564
Food and beverage	-	-	-	-	3,125	3,125	5,737
Food pantry	227,455	-	-	-	-	227,455	178,674
Pass thru grant payments	245,363	-	-	-	-	245,363	262,986
Insurance	2,257	1,317	188	1,505	-	3,762	3,543
Office expenses	18,904	11,028	1,575	12,603	-	31,507	21,356
Payroll taxes and benefits	75,742	7,926	4,404	12,330	-	88,072	70,434
Professional services	87,058	43,935	29,400	73,335	-	160,393	82,905
Rent	27,331	15,943	2,278	18,221	-	45,551	43,799
Repairs and maintenance	9,155	5,341	763	6,104	-	15,259	14,392
Salaries	597,610	62,541	34,745	97,285	-	694,895	602,633
Site fees	-	-	-	-	8,000	8,000	2,025
Telephone	3,846	2,244	321	2,564	-	6,410	4,779
Travel and transportation	3,587	211	422	633	-	4,220	5,451
Utilities	4,295	2,505	358	2,863	-	7,159	15,893
	1,309,396	156,953	75,019	231,971	15,412	1,556,780	1,328,130
Special event direct costs	-	-	-	-	(15,412)	(15,412)	(12,326)
TOTAL EXPENSES	\$ 1,309,396	\$ 156,953	\$ 75,019	\$ 231,971	\$ -	\$ 1,541,368	\$ 1,315,804

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 112,737	\$ 219,826
Adjustments to reconcile change in net assts to net cash provided by operating activities:		
Depreciation	11,322	8,959
Changes in assets and liabilities:		
Grants receivable	(67,303)	(50,372)
Other current assets	(5,129)	-
Accounts payable and accrued expenses	(11,291)	16,065
Deferred grants	<u>192,427</u>	<u>(5,000)</u>
 Net cash provided by operating activities	 <u>232,763</u>	 <u>189,478</u>
 Cash used in investing activities		
Additions to property and equipment	<u>(5,474)</u>	<u>(36,385)</u>
 Cash flows from financing activities		
Adjustments to net assets	<u>-</u>	<u>-</u>
 Net increase in cash and equivalents	 227,289	 153,093
 Cash and cash equivalents - beginning	 <u>252,637</u>	 <u>99,544</u>
 CASH AND CASH EQUIVALENTS - ENDING	 <u>\$ 479,926</u>	 <u>\$ 252,637</u>

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 1: Nature of Organization

South Asian Council for Social Services, Inc. (the "Organization") was organized as a not-for-profit corporation under the laws of the state of New York. The Organization is exempt from federal income tax under Internal Revenue Service Code 501(c)(3) as a public charity. The Organization focuses on the social service needs of South Asians throughout the New York City metropolitan area. It also advocates for community and economic development within South Asian and other immigrant communities. The primary activities of the Organization are providing access to healthcare, senior services, food security, and education programs, including computer literacy and English for Speakers of Other Languages ("ESOL") classes.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of South Asian Council for Social Services, Inc. have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Grants Receivable

Grants receivable are stated at the amount billed under government grants. South Asian Council for Social Services, Inc. does not maintain an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of December 31, 2019, and 2018, there was no allowance for doubtful accounts recorded by the Organization

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2: Summary of Significant Accounting Policies (Continued)

Contract Liability

A contract liability represents revenue that has been deferred for the funds advanced by various government agencies and private foundations for the organization's contracts related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding sources for the organization's contracts for services not yet performed and are expected to be performed within the next calendar year. Contract liabilities are recorded as Deferred Grants in the amount of \$192,427 received from the Mother Cabrini Foundation at December 31, 2019.

Property and Equipment

Property and Equipment having a useful life greater than one year and costing \$5,000 or more, are stated at cost or fair market value, if donated. Depreciation is computed on the straight-line basis over the estimated useful life of the assets. Capital leases and leasehold improvements are amortized over either the remaining term of the underlying lease or the useful lives of the improvements, whichever is shorter, using the straight-line method.

The estimated useful lives of such assets are as follows:

Building and building improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 10 years
Leasehold improvements	3 to 10 years

Property and Equipment consisted of the following at December 31, 2019 and 2018

	2019	2018
Leasehold Improvements	\$57,710	\$57,710
Computers	12,974	7,500
Furniture and Fixtures	23,110	23,110
Less: accumulated depreciation	\$51,815	\$40,493
Property and Equipment, net	<u>\$41,979</u>	<u>\$47,827</u>

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 2: Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions include funds available for use in general operations and have no restrictions as to use or purpose imposed by donors.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2019 and 2018, the Organization had no net assets with donor restrictions.

Contributions

Contributions are provided to the organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized based on the nature of the gift and corresponding value. The conditional gifts are not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met. The unconditional gifts are recognized as the fair market value at date of the gift.

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Contributions (continued)

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Note 2: Summary of Significant Accounting Policies (Continued)

Government Grants

Support funded by grants is recognized as South Asian Council for Social Services, Inc. performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

In-Kind Contributed Costs and Revenues

South Asian Council for Social Services, Inc. operates programs where consumable supplies are paid directly by funding agency. South Asian Council for Social Services, Inc. reports these amounts as operating revenues and expenses and recognized \$151,000 in-kind contributed costs.

Measure of Operations

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South Asian Council for Social Services, Inc's change in net assets from operations includes revenues and expenses directly related to the provision of program services. Investment income, Capital improvement grant, contributions, both with and without donor restrictions, special events and related direct costs, miscellaneous income and any prior year adjustments are considered non-operating.

Operating Leases

Rent expense has been recorded on the straight-line basis over the term of the lease. Deferred rent is recorded when material.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on ratio value and other methods.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Income Taxes

South Asian Council for Social Services, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, South Asian Council for Social Services, Inc. is subject to federal income tax on any unrelated business taxable income. South Asian Council for Social Services, Inc. files tax returns in the U.S. federal jurisdiction.

Note 3: Change in Accounting Principles

ASU 2016-14, Not-For-Profit Entities (Topic 958)

For the year ended December 31, 2019, South Asian Council for Social Services, Inc. adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

The statement of financial position distinguishes between two new class of net assets - those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets - unrestricted, temporarily restricted and permanently restricted.

Statement of Functional Expenses

Expenses are reported by both nature and function in one location.

Notes to the Financial Statements

Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expense for one-year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets and has been applied retrospectively to all periods presented.

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

On July 1, 2018, South Asian Council for Social Services, Inc. adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using a full retrospective method of adoption to all contracts with customers at July 1, 2018. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers or patients in an amount that reflects the consideration to which South Asian Council for Social Services, Inc. expects to be

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (continued)

entitled in exchange for those goods or services. The amount to which South Asian Council for Social Services, Inc. expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing services to its customers. Adoption of ASU 2014-09 resulted in changes in presentation of the financial statements and related disclosures in the notes to the financial statements.

Because contracts are generally completed within a year, South Asian Council for Social Services, Inc. used the actual transaction price rather than estimating variable consideration amounts for contracts completed during the year ending December 31, 2019. South Asian Council for Social Services, Inc. recognized an adjustment to net assets of \$54,228 as of January 1, 2019 due to changes in its estimates of implicit price concessions and contractual adjustments for performance obligations satisfied in prior years.

ASU 2016-02, Leases (ASU 2016-02)

Recently issued but not yet effective accounting pronouncements *Effective for the year ending December 31, 2020, the Organization will adopt the provisions of ASU No. 2016-02, Leases ("ASU 2016-02)*. This update requires all leases with a term greater than 12 months to be recognized on the statements of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. The effect of adopting ASU 2016-02 on the Organization's financial statements and related disclosures has not yet been determined.

Note 4: Revenue from Contracts with Customers

Service Revenue

South Asian Council for Social Services, Inc. receives funding from New York City and New York State through fees and government grants. Revenue is reported at the amount that reflects the consideration to which South Asian Council for Social Services, Inc. expects to be entitled in exchange for providing the contracted services. These amounts are due from third-party payors (including government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, South Asian Council for Social Services, Inc. bills the third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

Note 5: Commitments and Contingencies

Line of Credit

The South Asian Council for Social Services, Inc. entered into a line of credit arrangement with a bank allowing the South Asian Council for Social Services, Inc. to borrow up to \$35,000. Interest is charged monthly on the unpaid principal balance at a rate equal to the prime rate (5.55) at (December 31, 2018) plus 2%. There were no amounts due under the credit line at December 2019 and 2018. The credit line was terminated by the organization in June 2019.

Lease Commitment

In January 2013, the South Asian Council for Social Services, Inc. entered into a five-year lease for its office space located in Flushing, New York. On August 7, 2017, the South Asian Council for Social Services, Inc. executed an option to extend the lease for five years. After the extension, the South Asian Council for Social Services, Inc. is obligated under the lease through December 2022.

Future minimum lease payments for the remaining life of the lease at December 31, 2019 are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2020	\$ 47,373
2021	49,268
2022	<u>51,239</u>
	<u>\$147,880</u>

Total expense related to the office lease amounted to \$45,551 and \$43,799 for the years ended December 31, 2019 and 2018, respectively.

Note 6: Concentration of Credit Risk

Revenue from five grantor agencies accounted for 62% of grant revenue for the year ended December 31, 2019. Revenue from five grantor agencies accounted for 58% of grant revenue for the year ended December 31, 2018.

Grants receivable from five grantor agencies accounted for 75% of grant receivable as of December 31, 2019. Grants receivable from five grantor agencies accounted for 71% of grants receivable as of December 31, 2018.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

Note 7: Liquidity and Availability

The South Asian Council for Social Services, Inc. typically receives grants and contracts with donor restrictions and contributions without donor restrictions. Contributions with donor restrictions are to be used in accordance with the associated purpose restrictions. Typically, restrictions are released during the year received.

The table below presents financial assets available for general expenditures within one year at December 31, 2019.

Financial assets at year end	
Cash	\$ 479,926
Grants Receivable	<u>522,748</u>
Financial assets available to meet general Expenditures within one year	<u>\$ 1,002,674</u>

As part of the South Asian Council for Social Services, Inc.'s liquidity management, it has a goal to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 8: Subsequent Events

The South Asian Council for Social Services, Inc.'s management has performed subsequent events procedures through April 25, 2020, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment of the financial statements or disclosures as stated herein.