

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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MEMBER:

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- Connecticut Society of Certified Public Accountants

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, 2021 and 2020, and the related statements of activities for the year then ended, statement of functional expenses for the year ended December 31, 2021, and statements of cash flows for the year ended December 31, 2021 and 2020, 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, 2021 and 2020, 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.

Report on Summarized Comparative Information

We have previously audited the financial statements of South Asian Council for Social Services, Inc. as of December 31, 2020, and we expressed an unmodified audit opinion on those financial statements in our report dated March 4, 2021. In our opinion, the summarized comparative information presented herein on page 5 for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Uday S. Ray,

Certified Public Accountant

New York, New York

March 1, 2022

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash in operating account	\$ 29,522	\$ 73,067
Cash in money market account	368,272	1,183,264
Cash in capital spending account	152,671	-
Cash in property escrow account	82,732	-
Petty cash	472	211
Grants receivable	1,207,109	514,326
Prepaid expenses	9,555	3,563
Total current assets	1,850,333	1,774,431
Property and equipment, net	3,327,777	30,203
Other assets:		
Capital Project work-in-progress	-	327,850
Security deposit	6,985	6,000
TOTAL ASSETS	<u>\$ 5,185,095</u>	<u>\$ 2,138,484</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 8,276	\$ 25,131
Deferred Grants	-	274,158
Loans Payable-short term	-	429,849
Mortgage Payable- short-term	80,600	-
Term Loan Payable- short-term	49,998	-
Total current liabilities	<u>138,874</u>	<u>729,138</u>
Long term liabilities:		
Mortgage Payable-long-term	1,900,818	-
Term Loan Payable- long-term	450,002	-
Net Assets without donor restrictions	<u>2,695,401</u>	<u>1,409,346</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,185,095</u>	<u>\$ 2,138,484</u>

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenue and other support:		
Grants	\$ 1,815,138	\$ 723,281
Revenue from special events		
Special event/Fundraising income	40,695	138,861
Less: direct costs	-	16,848
Net revenue from special events	40,695	122,013
Other support:		
Government Contracts	1,187,249	670,662
Contributions	230,076	687,117
Interest Income	2,138	4,238
Total other support	1,419,463	1,362,017
Total revenue and other support	\$ 3,275,296	\$ 2,207,311
Expenses:		
Program services	1,659,706	1,351,825
General and administrative	230,245	202,994
Fundraising expenses	99,290	94,491
Total expenses	\$ 1,989,241	\$ 1,649,310
Change in net assets without restrictions	\$ 1,286,055	\$ 558,001
Net assets without donor restrictions - beginning	\$ 1,409,346	\$ 851,345
Net assets without donor restrictions - ending	\$ 2,695,401	\$ 1,409,346

**SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021				2020		
	<u>Supporting Services</u>						
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Special Event Direct Costs	Total	Summarized Total
Depreciation	33,314	19,270	2,776	22,047	-	55,361	11,778
Event production	-	-	-	-	-	-	12,848
Food and beverage	-	-	-	-	-	-	-
Food pantry	598,666	-	-	-	-	598,666	416,133
Pass thru grant payments	1,877	-	-	-	-	1,877	448
Insurance	6,527	3,807	544	4,351	-	10,878	4,115
Office expenses	23,380	13,638	1,948	15,586	-	38,966	94,466
Payroll taxes and benefits	86,981	9,103	5,057	14,160	-	101,141	96,052
Professional services	53,020	60,188	38,340	98,528	-	151,548	182,915
Rent	29,561	17,244	2,463	19,707	-	49,268	47,373
Repairs and maintenance	8,063	4,704	672	5,376	-	13,439	4,652
Salaries	732,722	76,680	42,600	119,280	-	852,002	738,085
Site fees	-	-	-	-	-	-	4,000
Contribution and donations	1,040	260	-	260	-	1,300	-
New building ribbon cutting	15,315	1,702	-	1,702	-	17,017	-
Telephone	5,186	3,025	432	3,457	-	8,643	8,579
Travel and transportation	30,397	991	1,652	2,643	-	33,040	37,674
Property taxes	4,016	2,343	335	2,677	-	6,693	-
Mortgage interest	21,522	12,555	1,794	14,348	-	35,870	-
Utilities	8,119	4,736	677	5,412	-	13,531	7,040
Special event direct costs	1,659,706	230,245	99,290	329,535	-	1,989,241	1,666,158
TOTAL EXPENSES	\$ 1,659,706	\$ 230,245	\$ 99,290	\$ 329,535	\$ -	\$ 1,989,241	\$ 1,649,310
							(16,848)

See accompanying notes to financial statements

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,286,055	\$ 558,001
Adjustments to reconcile change in net assts to net cash provided by operating activities:		
Depreciation	55,361	11,778
Changes in assets and liabilities		
Grants receivable	(692,783)	8,420
Prepaid expenses	(5,992)	1,566
Other assets	326,865	
Accounts payable and accrued expenses	(16,855)	13,121
Deferred grants	(274,158)	81,731
Repayment of loans payable	(429,849)	-
Net cash provided by operating activities	<u>248,644</u>	<u>674,617</u>
Cash used in investing activities		
Capital Project	(3,299,574)	(327,850)
Additions to property and equipment	(53,363)	-
	<u>(3,352,937)</u>	<u>(327,850)</u>
Cash flows from financing activities		
Issuance of mortgage payable	1,981,418	429,849
Issuance of term note payable	500,000	
Net increase in cash and equivalents	(622,875)	776,616
Cash and cash equivalents - beginning	<u>1,256,542</u>	<u>479,926</u>
Cash and cash equivalents - ending	<u>\$ 633,667</u>	<u>\$ 1,256,542</u>

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021, and 2020, there was no allowance for doubtful accounts recorded by the Organization

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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. There are no deferred grants at year ended 2021.

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 39 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, 2021 and 2020

	2021	2020
Building	\$3,243,228	\$ 0
Land	54,000	0
Leasehold Improvements	57,710	57,710
Furniture, Fixtures & Equipment	90,898	36,084
Less: accumulated depreciation	118,559	63,593
Property and Equipment, net	<u>\$3,327,777</u>	<u>\$30,201</u>

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, 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.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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.

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, 2021, 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.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 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, 2021. South Asian Council for Social Services, Inc. did not recognize any adjustment to net assets as of January 1, 2021 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 accounting pronouncements *Effective for the year ending December 31, 2020, the Organization has adopted 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 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.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 4: Revenue from Contracts with Customers (continued)

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.

Note 5: Commitments and Contingencies

Credit Facilities

On June 24, 2021, the South Asian Council for Social Services, Inc. entered into a mortgage and security agreement with a bank allowing the South Asian Council for Social Services, Inc. to borrow a mortgage loan of \$2,015,000 to purchase the property located at 143-02 45th Avenue, Flushing, NY 11355, along with a \$500,000 5-year term Loan, and \$100,000 working capital line of credit, for a combined total of \$2,615,000 credit facility.

Mortgage Loan

The \$2,015,000 first mortgage loan maturing on June 24, 2046, is collateralized by the land and the building located at 143-02 45th Avenue, Flushing, NY 11355. The loan bears a fluctuating interest rate per annum equal to the greater of (i) three and one-half (3.5%) percent or (ii) one-quarter (0.25%) percent in excess of the prime rate of interest published in The Wall Street Journal in effect from time to time (the "Prime Rate"). Monthly principal payments are \$6,717.67 plus interest calculated in arrears at the Interest Rate, payable commencing on August 1, 2021 and on the same day of each month thereafter.

Term Loan

The term loan of \$500,000, maturing on July 1, 2027 is collateralized by the land and the building. The loan bears a fluctuating interest rate per annum equal to the greater of (i) three and one-half (3.5%) percent or (ii) one-quarter (0.25%) percent in excess of the prime rate of interest published in The Wall Street Journal in effect from time to time (the "Prime Rate"). Monthly principal payments are \$8,333.34 plus interest calculated in arrears at the Interest Rate, payable commencing on August 1, 2021 and on the same day of each month thereafter.

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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, 2021 are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2022	<u>\$51,239</u>

Total expense related to the office lease amounted to \$49,268 and \$47,373 for the years ended December 31, 2021 and 2020, respectively.

Note 6: Concentration of Credit Risk

Revenue from five grantor agencies accounted for 62% of grant revenue for the year ended December 31, 2020. Revenue from five grantor agencies accounted for 42% of grant revenue for the year ended December 31, 2021.

Grants receivable from five grantor agencies accounted for 75% of grant receivable as of December 31, 2020. Grants receivable from five grantor agencies accounted for 68% of grants receivable as of December 31, 2021.

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, 2021.

Financial assets at year end	
Cash	\$ 633,669
Grants Receivable	<u>1,207,109</u>
Financial assets available to meet general Expenditures within one year	\$ <u>1,840,778</u>

SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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: Loans Payable

The South Asian Council for Social Services, Inc. received \$161,897 Paycheck Protection Program (PPP) 2nd Round loan from the Small Business Administration (SBA). The organization was eligible for loan forgiveness of \$152,620 leaving \$9,277 of unspent funds to be returned to Small Business Administration. Employee and compensation levels were maintained, the loan proceeds were spent on payroll costs and other eligible expenses, and at least 60% of the proceeds were spent on payroll costs. The organization received full forgiveness of the PPP loan in 2021.

The South Asian Council for Social Services, Inc. also received a one-year interest free term loan for \$280,000 from the Not-for-Profit Fund (NFF), due payable on or before April 30, 2021. The organization fully repaid this debt in 2021.

Note 9: Subsequent Events

The South Asian Council for Social Services, Inc.'s management has performed subsequent events procedures through March 1, 2022, 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.