

**NATIONAL VOLUNTARY ORGANIZATIONS
ACTIVE IN DISASTER, INC.**

***FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT***

DECEMBER 31, 2017 AND 2016

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
National Voluntary Organizations Active In Disaster, Inc.
Alexandria, Virginia**

We have audited the accompanying statement of financial position of the National Voluntary Organizations Active In Disaster, Inc. (a nonprofit organization) as of December 31, 2017, and the related statements of activities 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.

Auditors' 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 of 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 the National Voluntary Organizations Active In Disaster, Inc. as of December 31, 2017, 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.

**To the Board of Directors
National Voluntary Organizations Active In Disaster, Inc.
Alexandria, Virginia**

Report on Summarized Comparative Information

We have previously audited the National Voluntary Organizations Active In Disaster, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
May 18, 2018**

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 And 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 486,058	\$ 340,262
Dues and sponsorships receivable	2,870	1,500
Prepaid expenses	<u>27,279</u>	<u>22,691</u>
Total Current Assets	<u>516,207</u>	<u>364,453</u>
NON-CURRENT ASSETS		
Security deposits	8,732	5,232
Property and equipment, net of accumulated depreciation of \$17,870 in 2017 and \$17,044 in 2016	<u>839</u>	<u>1,665</u>
Total Non-Current Assets	<u>9,571</u>	<u>6,897</u>
	<u><u>\$ 525,778</u></u>	<u><u>\$ 371,350</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and payroll liabilities	\$ 25,916	\$ 20,197
Litigation loan payable	-	5,000
Deferred revenue	<u>50,385</u>	<u>85,455</u>
Total Liabilities, all current	<u>76,301</u>	<u>110,652</u>
NET ASSETS		
Unrestricted	344,783	211,209
Temporarily restricted	<u>104,694</u>	<u>49,489</u>
Total Net Assets	<u>449,477</u>	<u>260,698</u>
Total Liabilities and Net Assets	<u><u>\$ 525,778</u></u>	<u><u>\$ 371,350</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017 With Summarized Information For 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
SUPPORT AND REVENUE				
Non-government grants and contributions	\$ 198,101	\$ 125,000	\$ 323,101	\$ 199,640
Government contracts	1,000	-	1,000	101,608
Conference revenue	337,866	-	337,866	311,798
Membership dues	320,837	-	320,837	299,061
Miscellaneous	-	-	-	503
Net assets released from restriction	69,795	(69,795)	-	-
Total Support and Revenue	<u>927,599</u>	<u>55,205</u>	<u>982,804</u>	<u>912,610</u>
EXPENSES				
Program expenses	652,608	-	652,608	636,443
General and administration	134,995	-	134,995	142,296
Fundraising	6,422	-	6,422	-
Total Expenses	<u>794,025</u>	<u>-</u>	<u>794,025</u>	<u>778,739</u>
Change in net assets	133,574	55,205	188,779	133,871
NET ASSETS				
Beginning of year	<u>211,209</u>	<u>49,489</u>	<u>260,698</u>	<u>126,827</u>
Ending of year	<u><u>\$ 344,783</u></u>	<u><u>\$ 104,694</u></u>	<u><u>\$ 449,477</u></u>	<u><u>\$ 260,698</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2017 And 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 188,779	\$ 133,871
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	826	2,015
Bad debt expense	22,480	18,590
Changes in operating assets and liabilities		
Dues receivable	(23,850)	3,190
Grant receivable	-	45,788
Prepaid expenses	(4,588)	(900)
Security deposit	(3,500)	-
Accounts payable and payroll liabilities	5,719	(8,652)
Deferred revenue	(35,070)	13,220
Net cash provided by operating activities	<u>150,796</u>	<u>207,122</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	<u>-</u>	<u>901</u>
Net cash provided by investing activities	<u>-</u>	<u>901</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of office lease settlement agreement	<u>(5,000)</u>	<u>(60,000)</u>
Net cash used in financing activities	<u>(5,000)</u>	<u>(60,000)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	145,796	148,023
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>340,262</u>	<u>192,239</u>
End of year	<u><u>\$ 486,058</u></u>	<u><u>\$ 340,262</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017 And 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

National Voluntary Organizations Active In Disaster, Inc. ("***National VOAD***") was re-domesticated as a non-profit organization in the Commonwealth of Virginia on June 25, 2008. National VOAD, an association of organizations that mitigate and alleviate the impact of disasters, provides a forum promoting cooperation, communication, coordination and collaboration; and fosters more effective delivery of services to communities affected by disaster.

Specifically, National VOAD members form a coalition of non-profit organizations that respond to disasters as part of their overall mission.

INCOME TAXES

National VOAD is exempt from federal income tax purposes under Section 501(c)(3) of the internal revenue code (the "***Code***") and has been classified as a public charity under Section 509(a)(1) of the Code.

National VOAD has reviewed their tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal and state tax returns for the open tax years (2014 – 2016) or expected to be taken in the current year.

CONTRIBUTIONS

National VOAD records unconditional promises to give as a receivable and revenue in the year pledged, net of the discount to present value of the future cash flows. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "***net assets released from restrictions***".

In 2016, National VOAD received contributions of office space at a value of \$24,000. In 2017, no such contributions were received as a result of National VOAD entering into a one year lease arrangement with another party.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017 And 2016

CASH AND CASH EQUIVALENTS

National VOAD considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CONCENTRATION OF CREDIT RISK

National VOAD is required by Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*” to disclose significant concentrations of credit risk regardless of the degree of such risk. As of December 31, 2017 and 2016, National VOAD maintained bank deposits that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. The risk is managed by monitoring the financial institutions in which deposits are made.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. National VOAD’s policy is to capitalize individual items with a cost greater than \$1,000. Depreciation is provided on a straight-line basis over their estimated useful lives, which is 3-7 years. Depreciation expense for the years ended December 31, 2017 and 2016 was \$826 and \$2,015, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities based on management estimates of time spent and costs to support activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RECLASSIFICATIONS

Certain reclassifications were made to the 2016 financial statements to conform to the 2017 presentation.

(2) NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Hurricane Harvey	\$ 64,247	\$ -
Recovery fund	<u>40,447</u>	<u>49,489</u>
	<u>\$ 104,694</u>	<u>\$ 49,489</u>

For the years ending December 31, 2017 and 2016, net assets of \$69,795 and \$122,918, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017 And 2016

(3) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance May 18, 2018, have been evaluated in the preparation of the financial statements.

Subsequent to year end, National VOAD secured a federal award of approximately \$66,900,000. In connection with the grant award, National VOAD entered into a Cooperative Agreement with the Federal Emergency Management Agency (FEMA) to provide disaster case management services.