

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

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

DECEMBER 31, 2020 AND 2019

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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
June 21, 2021**

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 964,815	\$ 3,229,509
Dues and sponsorships receivable	2,712	70
Grants receivable	140,346	-
Promises to give	139,000	125,950
Prepaid expenses	58,880	23,193
Advances to subrecipients	24,330	220,998
Total Current Assets	<u>1,330,083</u>	<u>3,599,720</u>
NON-CURRENT ASSETS		
Promises to give	75,000	175,000
Property and equipment, net of accumulated depreciation of \$26,372 in 2020 and \$20,100 in 2019	20,912	13,334
Total Non-Current Assets	<u>95,912</u>	<u>188,334</u>
Total Assets	<u><u>\$ 1,425,995</u></u>	<u><u>\$ 3,788,054</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and payroll liabilities	\$ 32,411	\$ 32,098
Subrecipient payable	161,645	1,306,256
Deferred revenue	61,350	1,308,032
Total Liabilities, all current	<u>255,406</u>	<u>2,646,386</u>
NET ASSETS		
Without donor restrictions	726,339	543,652
With donor restrictions	444,250	598,016
Total Net Assets	<u>1,170,589</u>	<u>1,141,668</u>
Total Liabilities and Net Assets	<u><u>\$ 1,425,995</u></u>	<u><u>\$ 3,788,054</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020 With Summarized Information For 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
SUPPORT AND REVENUE				
Non-government grants and contributions	\$ 235,838	\$ 590,908	\$ 826,746	\$ 1,122,082
U.S. government grants	14,503,614	-	14,503,614	28,367,895
Conference revenue	2,720	-	2,720	406,416
Membership dues	346,307	-	346,307	324,633
Miscellaneous	8,606	-	8,606	888
Net assets released from restriction	744,674	(744,674)	-	-
Total Support and Revenue	<u>15,841,759</u>	<u>(153,766)</u>	<u>15,687,993</u>	<u>30,221,914</u>
EXPENSES				
Program expenses	15,434,722	-	15,434,722	29,610,036
General and administration	220,455	-	220,455	215,932
Fundraising	3,895	-	3,895	6,696
Total Expenses	<u>15,659,072</u>	<u>-</u>	<u>15,659,072</u>	<u>29,832,664</u>
Change in net assets	182,687	(153,766)	28,921	389,250
NET ASSETS				
Beginning of year	<u>543,652</u>	<u>598,016</u>	<u>1,141,668</u>	<u>752,418</u>
Ending of year	<u>\$ 726,339</u>	<u>\$ 444,250</u>	<u>\$ 1,170,589</u>	<u>\$ 1,141,668</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 28,921	\$ 389,250
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	6,272	1,846
Changes in operating assets and liabilities		
Dues receivable	(2,642)	13,012
Grants receivable	(140,346)	368,256
Prepaid expenses	(35,687)	223,632
Advances to subrecipients	196,668	1,050,811
Promises to give	86,950	(300,950)
Security deposit	-	2,000
Accounts payable and payroll liabilities	313	(56,257)
Subrecipient payable	(1,144,611)	(337,107)
Deferred revenue	(1,246,682)	1,251,117
Net cash (used in) provided by operating activities	<u>(2,250,844)</u>	<u>2,605,610</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(13,850)</u>	<u>(14,725)</u>
Net cash used in investing activities	<u>(13,850)</u>	<u>(14,725)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,264,694)	2,590,885
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,229,509</u>	<u>638,624</u>
End of year	<u><u>\$ 964,815</u></u>	<u><u>\$ 3,229,509</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 And 2019

(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.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with National VOAD’s audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NET ASSETS

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of National VOAD are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of National VOAD.

With donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of National VOAD or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity; National VOAD has no net assets with permanent restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities

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 (2017 – 2019) or expected to be taken in the current year.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

CONTRIBUTIONS

Contributions, which include unconditional promises to give, are recognized as revenue at fair value when received or pledged. Fair value is estimated giving consideration to anticipated future cash receipts and discounting anticipated future cash receipts. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Unless its use is limited by time or donor-imposed restriction, contribution revenue is recorded as increases in net assets without donor restrictions.

CONTRIBUTIONS IN-KIND

Contributions in-kind included in the accompanying statement of activities totaling \$2,760 and \$138,525 for the years ended December 31, 2020 and 2019, respectively, primarily consist of donated use of software licenses for the FEMA program. Additionally, the statement of activities includes \$415,000 and \$361,000 for the years ended December 31, 2020 and 2019, respectively, of material donations provided to National VOAD to award to member organizations.

MEMBERSHIP DUES

Revenue is recognized when control of the services provided is transferred to the member, in an amount that reflects the consideration National VOAD expects to be entitled to in exchange for its services. Revenue from contracts with customers is from membership dues which is recognized ratably over the membership period.

U.S. GOVERNMENT GRANT

National VOAD has entered into a cooperative agreement with the United States Government, from the United States Department of Homeland Security, Federal Emergency Management Agency (“**FEMA**”). This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses.

Revenue from Government Grants is recognized only when funds are utilized by National VOAD to carry out the activity stipulated in the agreement. Cash received under government grants in advance of incurring the related expenses is reported as deferred revenue. Conversely, expenditures incurred for which cash has not yet been received is reported as grants receivable. Advances made to subrecipients that are unexpended as of the end of the year are reflected as an asset in the statement of financial position. Expenditures incurred by subrecipient organizations for which funds were not advanced by National VOAD are reflected in subrecipient payable in the statement of financial position.

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.

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.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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, 2020 and 2019, 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, 2020 and 2019 was \$6,272 and \$1,846, 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.

(2) PROMISES TO GIVE

Unconditional grants and promises to give consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivable in less than 1 year	\$ 139,000	\$ 125,950
Receivable in 1 to 5 years	<u>75,000</u>	<u>175,000</u>
	214,000	300,950
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 214,000</u>	<u>\$ 300,950</u>

(3) NET ASSETS

Net assets with donor restrictions are available for the following at December 31, 2020 and 2019:

Subject to expenditure for a special purpose:	<u>2020</u>	<u>2019</u>
Hurricane Harvey	\$ 38,909	\$ 56,250
Hurricane Maria	-	34,661
State VOAD Training	256,281	298,862
Technology	-	3,154
COVID Recovery	52,710	-
Recovery funds (Mini-Grants)	<u>96,350</u>	<u>205,089</u>
	<u>\$ 444,250</u>	<u>\$ 598,016</u>

For the years ending December 31, 2020 and 2019, net assets of \$744,674 and \$404,539, 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, 2020 And 2019

(4) PAYCHECK PROTECTION PROGRAM FUNDING

On April 21, 2020, National VOAD received a \$105,342 loan from the Small Business Administration (“SBA”) under the Paycheck Protection Program (“PPP”) which was established as a result of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). National VOAD considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures. National VOAD considered the incurrence of eligible expenses to be an underlying barrier in the PPP Loan agreement. National VOAD incurred all eligible expenses related to the funding during 2020, and accordingly, recognized contribution income in the accompanying 2020 statement of activities. Subsequent to year end, on January 15, 2021, National VOAD received forgiveness by the SBA.

(5) FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by functional classification for the year ended December 31, 2020 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 485,338	\$ 116,827	\$ 3,895	\$ 606,060
Direct conference expenses	6,702	-	-	6,702
Contract services	236,672	47,045	-	283,717
Grants	14,610,229	-	-	14,610,229
Facilities and equipment	2,223	12,045	-	14,268
IT, software and training	71,411	16,445	-	87,856
Travel	15,058	5,334	-	20,392
Office and operations	6,136	22,513	-	28,649
Miscellaneous	<u>953</u>	<u>246</u>	<u>-</u>	<u>1,199</u>
Total Expenses	<u>\$ 15,434,722</u>	<u>\$ 220,455</u>	<u>\$ 3,895</u>	<u>\$ 15,659,072</u>

Expenses by functional classification for the year ended December 31, 2019 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 454,682	\$ 120,432	\$ 6,696	\$ 581,810
Direct conference expenses	306,907	-	-	306,907
Contract services	274,309	29,639	-	303,948
Grants	27,790,036	-	-	27,790,036
Facilities and equipment	5,799	3,856	-	9,655
IT, software and training	718,673	14,261	-	732,934
Travel	47,112	13,180	-	60,292
Office and operations	10,460	34,184	-	44,644
Miscellaneous	<u>2,058</u>	<u>380</u>	<u>-</u>	<u>2,438</u>
Total Expenses	<u>\$ 29,610,036</u>	<u>\$ 215,932</u>	<u>\$ 6,696</u>	<u>\$ 29,832,664</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(6) RETIREMENT PLAN

National VOAD adopted a 401(k) Plan under which contributions by employees are eligible for a discretionary matching contribution by National VOAD. The match is equal to 100% of an employee's contribution, capped at 3% of their compensation in 2019. Effective January 1, 2020, National VOAD increased its match to a cap of 4%. National VOAD, at its sole discretion, may also make profit sharing contributions to the plan. Contributions for the years ended December 31, 2020 and 2019 amounted to \$16,332 and \$8,571, respectively.

(7) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditures consisted of cash and receivables which totaled \$1,246,873 and \$3,355,529 as of December 31, 2020 and 2019, respectively. \$369,250 and \$423,016 of the balances as of December 31, 2020 and 2019, respectively, are composed of restricted funds to support purposes designated by the donors (See *Note 3*). As part of National VOAD's liquidity management plan, it structures its financial assets to be available as its obligations become due.

(8) RELATED PARTY TRANSACTIONS

During the years ended December 31, 2020 and 2019, National VOAD made grants totaling \$11,234,095 and \$21,239,472, respectively, to subrecipient organizations in which members of National VOAD's Board of Directors are in management leadership positions of those Organizations.

(9) CONTINGENCY

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The current operating environment is changing rapidly. The extent of the impact that the COVID-19 pandemic will have on the operations of National VOAD is not reasonably estimable at this time. National VOAD will continue to monitor the effects of the COVID-19 pandemic and will adjust its operations as necessary.

(10) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, June 21, 2021, have been evaluated in the preparation of the financial statements.