

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

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

DECEMBER 31, 2021 AND 2020

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**

Opinion

We have audited the accompanying financial statements of the National Voluntary Organizations Active In Disaster, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the National Voluntary Organizations Active In Disaster, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Voluntary Organizations Active In Disaster, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 National Voluntary Organizations Active In Disaster, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Voluntary Organizations Active In Disaster, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the National Voluntary Organizations Active In Disaster, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
August 12, 2022**

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,041,787	\$ 964,815
Dues and sponsorships receivable	22,325	2,712
Government grants receivable	-	140,346
Promises to give	259,000	139,000
Prepaid expenses	67,321	58,880
Advances to subrecipients	-	24,330
Total Current Assets	<u>1,390,433</u>	<u>1,330,083</u>
NON-CURRENT ASSETS		
Promises to give	-	75,000
Property and equipment, net of accumulated depreciation of \$35,968 in 2021 and \$26,372 in 2020	<u>11,316</u>	<u>20,912</u>
Total Non-Current Assets	<u>11,316</u>	<u>95,912</u>
Total Assets	<u><u>\$ 1,401,749</u></u>	<u><u>\$ 1,425,995</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and payroll liabilities	\$ 131,938	\$ 32,411
Subrecipient payable	-	161,645
Deferred revenue	<u>52,035</u>	<u>61,350</u>
Total Current Liabilities	<u>183,973</u>	<u>255,406</u>
NET ASSETS		
Without donor restrictions	769,522	726,339
With donor restrictions	<u>448,254</u>	<u>444,250</u>
Total Net Assets	<u>1,217,776</u>	<u>1,170,589</u>
Total Liabilities and Net Assets	<u><u>\$ 1,401,749</u></u>	<u><u>\$ 1,425,995</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021 With Summarized Information For 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
SUPPORT AND REVENUE				
Non-government grants and contributions	\$ 227,847	\$ 485,000	\$ 712,847	\$ 826,746
U.S. government grants	92,998	-	92,998	14,503,614
Conference revenue	166,958	-	166,958	2,720
Membership dues	353,258	-	353,258	346,307
Miscellaneous	8,766	-	8,766	8,606
Net assets released from restriction	480,996	(480,996)	-	-
Total Support and Revenue	<u>1,330,823</u>	<u>4,004</u>	<u>1,334,827</u>	<u>15,687,993</u>
EXPENSES				
Program expenses	905,434	-	905,434	15,434,722
General and administration	380,157	-	380,157	220,455
Fundraising	2,049	-	2,049	3,895
Total Expenses	<u>1,287,640</u>	<u>-</u>	<u>1,287,640</u>	<u>15,659,072</u>
Change in net assets	43,183	4,004	47,187	28,921
NET ASSETS				
Beginning of year	<u>726,339</u>	<u>444,250</u>	<u>1,170,589</u>	<u>1,141,668</u>
Ending of year	<u>\$ 769,522</u>	<u>\$ 448,254</u>	<u>\$ 1,217,776</u>	<u>\$ 1,170,589</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 47,187	\$ 28,921
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	9,596	6,272
Changes in operating assets and liabilities		
Dues receivable	(19,613)	(2,642)
Government grants receivable	140,346	(140,346)
Prepaid expenses	(8,441)	(35,687)
Advances to subrecipients	24,330	196,668
Promises to give	(45,000)	86,950
Accounts payable and payroll liabilities	99,527	313
Subrecipient payable	(161,645)	(1,144,611)
Deferred revenue	(9,315)	(1,246,682)
Net cash provided by (used in) operating activities	<u>76,972</u>	<u>(2,250,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(13,850)
Net cash used in investing activities	<u>-</u>	<u>(13,850)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76,972	(2,264,694)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>964,815</u>	<u>3,229,509</u>
End of year	<u><u>\$ 1,041,787</u></u>	<u><u>\$ 964,815</u></u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 And 2020

(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, 2020, 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 (2018 – 2020) or expected to be taken in the current year.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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

The statement of activities includes \$375,000 and \$415,000 for the years ended December 31, 2021 and 2020, 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 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. The agreement ended in 2020.

In 2020, revenue from Government Grants was recognized only when funds were 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 was reported as deferred revenue as of December 31, 2020. Conversely, expenditures incurred for which cash had not yet been received was reported as grants receivable. Advances made to subrecipients that were unexpended as of the end of the year were reflected as an asset in the statement of financial position as of December 31, 2020. Expenditures incurred by subrecipient organizations for which funds were not advanced by National VOAD were reflected in subrecipient payable in the statement of financial position as of December 31, 2020.

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, 2021 And 2020

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, 2021 and 2020, 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, 2021 and 2020 was \$9,596 and \$6,272, 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.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2020, the FASB issued ASU 2020-07: Presentation and disclosure requirements by not-for-profit entities for contributed non-financial assets (Topic 958). Prior to this update, Topic 958 only specified requirements for the recognition and initial measurement of contributions and disclosure requirements pertaining to contributed services. Under the new guidance, not-for-profit organizations will be required to present gifts-in-kind as a separate component on their statement of activities and will require specific disclosures for certain quantitative and qualitative information about such non-financial assets. The amendments in this update are effective for periods beginning after June 15, 2021 and should be applied on a retrospective basis. National VOAD plans to adopt the new ASU at the required implementation date.

(2) PROMISES TO GIVE

Unconditional grants and promises to give consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Receivable in less than 1 year	\$ 259,000	\$ 139,000
Receivable in 1 to 5 years	<u>-</u>	<u>75,000</u>
	259,000	214,000
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 259,000</u>	<u>\$ 214,000</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(3) NET ASSETS

Net assets with donor restrictions are available for the following at December 31, 2021 and 2020:

Subject to expenditure for a special purpose:	2021	2020
Hurricane Harvey	\$ 5,477	\$ 38,909
State VOAD Training	155,515	256,281
COVID Recovery	27,112	52,710
Recovery funds (Mini-Grants)	<u>260,150</u>	<u>96,350</u>
	<u>\$ 448,254</u>	<u>\$ 444,250</u>

For the years ending December 31, 2021 and 2020, net assets of \$480,996 and \$744,674, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes.

(4) PAYCHECK PROTECTION PROGRAM FUNDING

In 2021 and 2020, National VOAD received \$92,998 and \$105,342, respectively, in loans 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 these to be conditional contributions 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 agreements. National VOAD incurred all eligible expenses related to the funding during the years the funds were received, and accordingly, recognized contribution income in the accompanying statements of activities. National VOAD received forgiveness by the SBA for both of the loans.

(5) FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by functional classification for the year ended December 31, 2021 are as follows:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 318,844	\$ 111,678	\$ 2,049	\$ 432,571
Direct conference expenses	40,543	3	-	40,546
Contract services	168,345	125,307	-	293,652
Grants	327,241	-	-	327,241
Facilities and equipment	2,284	16,072	-	18,356
IT, software and training	44,500	2,200	-	46,700
Travel	1,736	37	-	1,773
Office and operations	1,837	31,266	-	33,103
Legal and related matters	-	95,000	-	95,000
Miscellaneous	<u>104</u>	<u>(1,406)</u>	<u>-</u>	<u>(1,302)</u>
Total Expenses	<u>\$ 905,434</u>	<u>\$ 380,157</u>	<u>\$ 2,049</u>	<u>\$ 1,287,640</u>

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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>

(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 4% of their compensation. National VOAD, at its sole discretion, may also make profit sharing contributions to the plan. Contributions for the years ended December 31, 2021 and 2020 amounted to \$13,435 and \$16,332, 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 \$1,323,112 and \$1,246,873 as of December 31, 2021 and 2020, respectively. \$448,254 and \$369,250 of the balances as of December 31, 2021 and 2020, 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 year ended December 31, 2020, National VOAD made grants totaling \$11,234,095 to subrecipient organizations in which members of National VOAD's Board of Directors are in management leadership positions of those Organizations.

NATIONAL VOLUNTARY ORGANIZATIONS ACTIVE IN DISASTER, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(9) CONTINGENCY

The COVID-19 pandemic has resulted in significant economic disruption affecting the overall economy. As vaccination efforts continue, restrictions on businesses have been lifted and a return to more normal economic activity has begun. However, a significant degree of uncertainty still exists concerning the ultimate duration and magnitude of the COVID-19 pandemic and subsequent outbreaks, including whether restrictions that have been lifted will need to be imposed again or tightened in the future. Given the ongoing and dynamic nature of the circumstances, it is still difficult to predict the full impact of the COVID-19 pandemic on National VOAD.

(10) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, August 12, 2022, have been evaluated in the preparation of the financial statements.