

COMMUNITAS AMERICA, INC.

**FINANCIAL STATEMENTS
YEAR ENDING
DECEMBER 31, 2019**

COMMUNITAS AMERICA, INC.
FINANCIAL STATEMENTS
December 31, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Communitas America, Inc.

We have reviewed the accompanying financial statements of Communitas America, Inc. (a nonprofit organization), which comprise the statement of financial position for the year ending December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Wayne P. Naegele, CPA
New York, New York
June 12, 2020

COMMUNITAS AMERICA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

Cash and cash equivalents	\$	469,204
Security deposit		<u>9,900</u>
TOTAL ASSETS	\$	<u><u>479,104</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	20,914
Credit card payable		<u>8,108</u>
TOTAL LIABILITIES		29,022
NET ASSETS		<u>450,082</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>479,104</u></u>

COMMUNITAS AMERICA, INC.
STATEMENT OF ACTIVITIES
Year ending December 31, 2019

REVENUE (WITHOUT DONOR RESTRICTIONS)	
Corporate contributions	\$ 536,914
Interest income	288
Rental income	14,904
TOTAL REVENUE (WITHOUT DONOR RESTRICTIONS)	<u>552,106</u>
EXPENSES	
Program services	392,067
Management and general	80,861
Fundraising	-
TOTAL EXPENSES	<u>472,928</u>
CHANGE IN NET ASSETS	79,178
NET ASSETS, BEGINNING OF YEAR	<u>370,904</u>
NET ASSETS, END OF YEAR	<u><u>\$ 450,082</u></u>

COMMUNITAS AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ending December 31, 2019

	Program Services	Management and General	Fundraising	Total
Bank fees	\$ 93	\$ -	\$ -	\$ 93
Business registration fees	215	-	-	215
Accounting	12,571	-	-	12,571
Dues and subscriptions	250	-	-	250
Conferences	14,665	-	-	14,665
Advertising and marketing	3,047	-	-	3,047
Grants	75,000	-	-	75,000
Insurance	420	-	-	420
Legal fees	11,912	-	-	11,912
Meals and entertainment	16,306	-	-	16,306
Office operation expenses	3,826	-	-	3,826
Interest expense	18	-	-	18
Contractors	145	-	-	145
Payroll taxes	14,397	4,651	-	19,048
Payroll processing fees	4,569	1,476	-	6,045
Program implementation	996	-	-	996
Rent	26,493	-	-	26,493
Salaries	148,184	66,004	-	214,188
Employee benefits	23,617	7,659	-	31,276
Pension expense	1,072	1,071	-	2,143
Subsidies	19,527	-	-	19,527
Telephone and internet	1,671	-	-	1,671
Travel and meetings	13,073	-	-	13,073
Total functional expenses	<u>\$ 392,067</u>	<u>\$ 80,861</u>	<u>\$ -</u>	<u>\$ 472,928</u>

COMMUNITAS AMERICA, INC.
STATEMENT OF CASH FLOWS
Year ending December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 79,178
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	13,414
Credit card payable	<u>3,847</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 96,439

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 372,765

CASH AND CASH EQUIVALENTS, END OF PERIOD \$ 469,204

SUPPLEMENTAL DISCLOSURES OF CASH FLOW
INFORMATION:

No taxes or interest were paid by the Organization for the year ending
December 31, 2019.

COMMUNITAS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – NATURE OF ORGANIZATION

Communitas America, Inc. (the "Organization") was incorporated in the State of Delaware on March 16, 2018. The Organization's mission is to develop impact ecosystems in under-resourced communities and aim to develop sustainable resources by addressing persistent and systemic lack of access to economic and social opportunities in the Tri-state area.

The Organization is investing in and empowering local changemakers, social entrepreneurs and grass-root leaders to enact positive changes through social innovation, leadership development and creation of an impact ecosystem within their own communities. The Organization is providing impact programming such as co-living residences, co-working spaces, a social impact accelerator and other entrepreneurial learning opportunities for local changemakers.

The Organization was previously a fiscal sponsorship project of Rockefeller Philanthropy Advisors ("RPA"). After that project, the Organization has been privately funded through a family foundation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting generally accepted in the United States of America ("US GAAP"). Accordingly, revenues are recognized when earned rather than received and expenses are recognized when incurred rather than paid.

Financial Statement Presentation

Under the requirements of ASU 2016- 14, the Organization reports its activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net Assets without Donor Restrictions—These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- Net Assets with Donor Restrictions—These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, the net assets are restricted. There were no net assets with donor restrictions as of December 31, 2019.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

COMMUNITAS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and related expenses are primarily allocated to program expenses, with the exception of two individuals, which is allocated as a 50 to 50 ratio between program and management and general, respectively. Grants and all other expenses are allocated 100% to program expenses. There were no fundraising expenses for the year ending December 31, 2019.

Program Services are the activities that result in goods and services being distributed to beneficiaries pursuant to the Organization's mission.

Management and General includes all management and administrative functions, such as oversight, business management, general recordkeeping, budgeting and financing, but excludes direct conduct of program services and fundraising services.

Fundraising includes solicitation of contributions from individuals, organizations, and others. The Organization currently does not have any fundraising activities.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies, if any, at the date of the financial statements, and the revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a 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 statement of activities as net assets released from restrictions. As of December 31, 2019, the Organization did not have contributions receivable.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on management's analysis of specific promises made. There is no allowance that is deemed necessary as of December 31, 2019.

COMMUNITAS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue and Expenses

Revenue for contributions is recognized when earned, which may be when the cash is received or unconditional promises to give are received.

Donated goods are recorded at their estimated fair value when received. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Organization have been summarized on a functional classification basis.

Income Taxes

The Organization was formed as a not-for-profit corporation under the provisions of New York State law. The Organization is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Organization is also registered with the New York State Charities Bureau.

US GAAP require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and state or local municipalities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) in the financial statements.

In general, the Organization's tax returns remain open for federal and state tax examinations up to three years after the date of filing.

NOTE 3 – DONATED GOODS AND SERVICES

The Organization received services from people who contribute their time. The Organization pays for most services requiring specific expertise. However, at times, individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs.

NOTE 4 – CONCENTRATIONS OF RISK

Cash and Cash Equivalents

The Organization maintains its cash-in-bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization evaluates the financial strength and stability of the financial institution and it believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue

Approximately 93% of the Organization's revenue was received from one individual donation.

COMMUNITAS AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 – COMMITMENTS

In October 2018, the Organization entered into a sublease for monthly office space. Payments are \$1,270 per month. The agreement is an annual arrangement which terminated on September 30, 2019 and was automatically renewed for one year. Any payments received for the office space have been charged as rental income in the financial statements. There were no balances due under the agreement as of December 31, 2019.

NOTE 6 – PENSION EXPENSE

As part of the Organization’s Professional Employer Organization (the “PEO”), the Organization sponsors a Safe Harbor 401K Plan (the “Plan”) which permits employee contributions. The Plan covers substantially all full-time employees over 21 years of age. Benefits under this Plan are based on the employees’ years of service and compensation. The Plan provides for voluntary salary deferrals for eligible employees. Employer contributions under the Plan are at the discretion of the Organization and are provided by the Plan agreement. The amount contributed cannot be in excess of the maximum amounts allowed under the Internal Revenue Code. For the year ending December 31, 2019, the Organization’s contribution to participants was \$2,143. There were no amounts due for Plan contributions as of December 31, 2019.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization’s primary sources of support are contributions. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. As of December 31, 2019, there were no purpose restrictions imposed by the donors. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that are readily available within one year of the balance sheet to fund expenses without limitations:

Financial assets available within one year and free of donor restrictions:

Cash and cash equivalents	<u>\$ 469,204</u>
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NOTE 8 – SUBSEQUENT EVENTS

The Organization has been negatively impacted by the effects of the worldwide coronavirus pandemic. While the disruption is currently expected to be temporary, the Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization’s financial position is not known.

The Organization has evaluated subsequent events through June 12, 2020, the date in which the financial statements are available to be issued, and it has been determined that there were no subsequent events that need to be reported.