



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

AYUDA, INC.

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FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

AYUDA, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Ayuda, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and change in net assets, functional expenses 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Ayuda, Inc. as of September 30, 2020, and the change 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Summarized Comparative Information

We have previously audited Ayuda, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(15 - 16), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021, on our consideration of Ayuda, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ayuda, Inc.'s internal control over financial reporting and compliance.



January 27, 2021

AYUDA, INC.

**STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| ASSETS | | <u>2020</u> | <u>2019</u> |
|--|-----------|-------------------------|----------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ | 2,080,715 | \$ 1,031,557 |
| Grants receivable | | 1,035,567 | 862,586 |
| Prepaid expenses | | <u>106,973</u> | <u>99,335</u> |
| Total current assets | | <u>3,223,255</u> | <u>1,993,478</u> |
| FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS | | | |
| Furniture, equipment and leasehold improvements | | 130,672 | 130,672 |
| Less: Accumulated depreciation and amortization | | <u>(89,974)</u> | <u>(72,032)</u> |
| Net furniture, equipment and leasehold improvements | | <u>40,698</u> | <u>58,640</u> |
| OTHER ASSETS | | | |
| Deposits | | <u>62,517</u> | <u>62,517</u> |
| TOTAL ASSETS | \$ | <u>3,326,470</u> | \$ <u>2,114,635</u> |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Loan payable | \$ | 494,017 | \$ - |
| Accounts payable and accrued liabilities | | 190,867 | 158,351 |
| Accrued salaries and other payroll liabilities | | 272,087 | 195,895 |
| Deferred rent | | 56,705 | 50,025 |
| Deferred revenue | | 58,839 | 775 |
| Refundable advances | | <u>12,294</u> | <u>12,294</u> |
| Total current liabilities | | <u>1,084,809</u> | <u>417,340</u> |
| LONG-TERM LIABILITIES | | | |
| Loan payable, net of current portion | | 319,183 | - |
| Deferred rent, net of current portion | | <u>110,695</u> | <u>157,858</u> |
| Total long-term liabilities | | <u>429,878</u> | <u>157,858</u> |
| Total liabilities | | <u>1,514,687</u> | <u>575,198</u> |
| NET ASSETS | | | |
| Without donor restrictions | | 535,342 | 824,177 |
| With donor restrictions | | <u>1,276,441</u> | <u>715,260</u> |
| Total net assets | | <u>1,811,783</u> | <u>1,539,437</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u>3,326,470</u> | \$ <u>2,114,635</u> |

See accompanying notes to financial statements.

AYUDA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| | <u>2020</u> | | | <u>2019</u> |
|--|---|------------------------------------|----------------------------|----------------------------|
| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> | <u>Total</u> |
| REVENUE AND SUPPORT | | | | |
| Foundation and state grants | \$ 1,019,014 | \$ 2,288,901 | \$ 3,307,915 | \$ 1,962,189 |
| Government grants | 2,968,099 | - | 2,968,099 | 3,278,882 |
| In-kind contributions | 5,371,721 | - | 5,371,721 | 5,627,298 |
| Contributions | 386,037 | - | 386,037 | 236,473 |
| Events | 162,205 | - | 162,205 | 177,802 |
| Program service fees | 141,440 | - | 141,440 | 252,503 |
| Indirect contributions | 67,890 | - | 67,890 | 59,074 |
| Net assets released from donor imposed restrictions | <u>1,727,720</u> | <u>(1,727,720)</u> | <u>-</u> | <u>-</u> |
| Total revenue and support | <u>11,844,126</u> | <u>561,181</u> | <u>12,405,307</u> | <u>11,594,221</u> |
| EXPENSES | | | | |
| Program Services | <u>11,256,617</u> | <u>-</u> | <u>11,256,617</u> | <u>10,611,688</u> |
| Supporting Services: | | | | |
| General and Administrative | 618,785 | - | 618,785 | 564,794 |
| Fundraising | <u>257,559</u> | <u>-</u> | <u>257,559</u> | <u>288,872</u> |
| Total supporting services | <u>876,344</u> | <u>-</u> | <u>876,344</u> | <u>853,666</u> |
| Total expenses | <u>12,132,961</u> | <u>-</u> | <u>12,132,961</u> | <u>11,465,354</u> |
| Change in net assets | (288,835) | 561,181 | 272,346 | 128,867 |
| Net assets at beginning of year | <u>824,177</u> | <u>715,260</u> | <u>1,539,437</u> | <u>1,410,570</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 535,342</u> | <u>\$ 1,276,441</u> | <u>\$ 1,811,783</u> | <u>\$ 1,539,437</u> |

AYUDA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| | 2020 | | | | 2019 | |
|---|----------------------|-------------------------------|-------------------|---------------------------------|----------------------|----------------------|
| | Supporting Services | | | Total Supporting Services | Total Expenses | Total Expenses |
| | Program Services | General and Administrative | Fundraising | | | |
| Salaries and related benefits and taxes | \$ 4,148,522 | \$ 404,359 | \$ 158,226 | \$ 562,585 | \$ 4,711,107 | \$ 4,039,014 |
| In-kind contributions | 5,357,889 | 13,832 | - | 13,832 | 5,371,721 | 5,627,298 |
| Occupancy | 446,115 | 30,987 | 20,507 | 51,494 | 497,609 | 473,683 |
| Emergency fund | 363,549 | - | - | - | 363,549 | 214,686 |
| Professional services | 258,663 | 24,043 | 26,783 | 50,826 | 309,489 | 217,543 |
| Interpreter fees | 275,515 | - | - | - | 275,515 | 308,710 |
| Accounting/audit | 35,511 | 58,663 | 2,169 | 60,832 | 96,343 | 77,961 |
| Technology support | 73,348 | 8,737 | 5,727 | 14,464 | 87,812 | 92,211 |
| Supplies | 69,625 | 10,644 | 3,755 | 14,399 | 84,024 | 89,746 |
| Dues and subscriptions | 44,773 | 3,430 | 15,010 | 18,440 | 63,213 | 52,782 |
| Telephone, fax and internet | 40,838 | 3,920 | 2,782 | 6,702 | 47,540 | 46,591 |
| Training and development | 32,787 | 2,274 | 4,414 | 6,688 | 39,475 | 32,618 |
| Insurance | 32,434 | 2,068 | 1,589 | 3,657 | 36,091 | 28,748 |
| Licenses and permits | 11,721 | 10,068 | 7,152 | 17,220 | 28,941 | 19,105 |
| Equipment expense | 24,195 | 2,854 | 1,651 | 4,505 | 28,700 | 22,725 |
| Postage and delivery | 22,870 | 2,131 | 1,545 | 3,676 | 26,546 | 19,366 |
| Travel | 15,509 | 2,054 | 1,974 | 4,028 | 19,537 | 51,526 |
| Miscellaneous | 141 | 18,674 | - | 18,674 | 18,815 | 17,022 |
| Depreciation and amortization | - | 17,942 | - | 17,942 | 17,942 | 18,259 |
| Printing and advertising | 2,612 | 2,105 | 4,275 | 6,380 | 8,992 | 15,760 |
| TOTAL | \$ 11,256,617 | \$ 618,785 | \$ 257,559 | \$ 876,344 | \$ 12,132,961 | \$ 11,465,354 |

See accompanying notes to financial statements.

AYUDA, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| | 2020 | 2019 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 272,346 | \$ 128,867 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 17,942 | 18,259 |
| Increase in: | | |
| Grants receivable | (172,981) | (226,694) |
| Prepaid expenses | (7,638) | (20,059) |
| Deposits | - | (8,797) |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | 32,516 | 27,871 |
| Accrued salaries and other payroll liabilities | 76,192 | 38,859 |
| Deferred rent | (40,483) | 16,822 |
| Deferred revenue | 58,064 | (24,329) |
| Refundable advances | - | 12,294 |
| Net cash provided (used) by operating activities | <u>235,958</u> | <u>(36,907)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | - | (17,435) |
| Net cash used by investing activities | <u>-</u> | <u>(17,435)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from loan payable | <u>813,200</u> | - |
| Net cash provided by financing activities | <u>813,200</u> | - |
| Net increase (decrease) in cash and cash equivalents | 1,049,158 | (54,342) |
| Cash and cash equivalents at beginning of year | <u>1,031,557</u> | <u>1,085,899</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 2,080,715 | \$ 1,031,557 |

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Ayuda, Inc. is a not-for-profit organization, incorporated under the laws of the District of Columbia, providing legal, advocacy, empowerment and educational services that benefit low-income Latino and foreign-born families in the Washington, D.C. metropolitan area. These activities are funded primarily through foundation grants and public contributions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with Ayuda, Inc.'s financial statements for the year ended September 30, 2019, from which the summarized information was derived.

New accounting pronouncements adopted -

During fiscal year 2020, Ayuda, Inc. adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Ayuda, Inc. adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

Ayuda, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

At times during the year, Ayuda, Inc. maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants receivable -

Grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Furniture, equipment and leasehold improvements -

Furniture, equipment and leasehold improvements are stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the related assets, generally five years. Leasehold improvements are amortized over the remaining life of the lease. Depreciation and amortization expense for the year ended September 30, 2020 totaled \$17,942. Ayuda, Inc. capitalizes all items over \$5,000. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

Ayuda, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Ayuda, Inc. is not a private foundation.

Uncertain tax positions -

For the year ended September 30, 2020, Ayuda, Inc. has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Grants and contributions -

The majority of Ayuda, Inc.'s revenue is received through grants and contributions from the U.S. government, local government, foundations and other entities. Grants and contributions are recognized in the appropriate category of net assets in the period received. Ayuda, Inc. performs an analysis of the individual grants and contributions to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grant awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants and contributions (continued) -

As such, Ayuda, Inc. recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, Ayuda, Inc. had approximately \$2,428,233 in unrecognized conditional awards as of September 30, 2020.

Grants and contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

In-kind contributions -

Ayuda, Inc. receives donated services from attorneys, consultants, graduate students, and health care clinics. The total amount of donated services received for the year ended September 30, 2020 totaled \$5,371,721.

These contributions are reflected in the financial statements as in-kind contributions, recorded at fair value, and charged to the programs benefited.

Events and program service fees -

Ayuda, Inc. receives sponsorship income for events held throughout the year. This income is recognized as when the associated event has occurred. Ayuda, Inc. receives client fees for legal services provided. Client fees are recognized as program service fees as the associated work is completed.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Ayuda, Inc. are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may impact Ayuda, Inc.'s operations. The overall potential impact is unknown at this time.

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

New accounting pronouncements (not yet adopted) -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Ayuda, Inc. plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impacts of the new standards on its accompanying financial statements.

2. **LINE OF CREDIT**

Ayuda, Inc. has a \$300,000 bank line of credit, which matures March 8, 2021. Amounts borrowed under this agreement bear interest at the bank's prime rate (4.25% at September 30, 2020). There was no outstanding balance on this line of credit as of September 30, 2020. The line is secured by cash held in accounts at the same financial institutions.

3. **LOAN PAYABLE**

On April 14, 2020, Ayuda, Inc. received loan proceeds in the amount of \$813,200 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. Ayuda, Inc. intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. Ayuda, Inc. intends to apply for forgiveness after completing the 24 week period. If forgiveness is granted, Ayuda, Inc. will record revenue from debt extinguishments during the period that forgiveness was approved. Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

Year Ending September 30,

| | |
|------|--------------------------|
| 2021 | \$ 494,017 |
| 2022 | <u>319,183</u> |
| | <u>\$ 813,200</u> |

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2020:

| | |
|---|----------------------------|
| Program Services | \$ 806,211 |
| General Support - Time Restricted | <u>470,230</u> |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | <u>\$ 1,276,441</u> |

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor-imposed restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

| | |
|--|----------------------------|
| Program Services | \$ 1,048,991 |
| General Support - Passage of Time | <u>678,729</u> |
| TOTAL NET ASSETS RELEASED FROM RESTRICTIONS | <u>\$ 1,727,720</u> |

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

| | |
|---|----------------------------|
| Cash and cash equivalents | \$ 2,080,715 |
| Grants receivable | <u>1,035,567</u> |
| Subtotal financial assets available within one year | 3,116,282 |
| Less: Donor restricted funds | <u>(806,211)</u> |
| FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR | <u>\$ 2,310,071</u> |

Ayuda, Inc. has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, Ayuda, Inc. has a line of credit agreement (as further discussed in Note 3) which allows for additional available borrowings up to \$300,000.

7. LEASE COMMITMENTS

Ayuda, Inc. entered into a ten-year lease agreement, commencing August 7, 2011, for its Takoma Park, D.C. office. Base rent starts with monthly installments of \$12,104, plus its share of operating expenses, and increases by 4% each anniversary date.

During 2017, Ayuda, Inc. entered into a five-year lease agreement, commencing April 2017, for office space in Washington, D.C. Base rent starts with monthly installments of \$3,448, plus its share of operating expenses, and increases by 4% each anniversary date. Ayuda, Inc. received two months of rent abatement at the beginning of the lease.

During 2018, Ayuda, Inc. entered into a seven-year lease agreement, commencing May 2018, for office space in Fairfax, Virginia. Base rent starts with monthly installments of \$5,892, plus its share of operating expenses, and increases by 4% each anniversary date. Ayuda, Inc. received nine months of a 50% rent abatement at the beginning of the lease.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

7. LEASE COMMITMENTS (Continued)

During 2019, Ayuda, Inc. entered into a 89-month lease agreement, commencing February 2019, for office space in Silver Spring, Maryland. Base rent starts with monthly installments of \$8,798, plus its share of operating expenses, and increases by 4% each anniversary date. Ayuda, Inc. received an allowance for improvements to the new space. The value of these improvements totaled \$20,700 and have been recorded as an asset and as a deferred rent liability and are being amortized over the life of the related lease.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the occupancy expense being recognized for financial statement purposes is recorded as a deferred rent liability in the accompanying Statement of Financial Position.

Occupancy expense for the year ended September 30, 2020 totaled \$497,609. The deferred rent liability was \$167,400 at September 30, 2020.

At September 30, 2020, the future minimum lease payments under these lease agreements are as follows:

| <u>Year Ending September 30,</u> | <u>Amount</u> |
|----------------------------------|----------------------------|
| 2021 | \$ 508,705 |
| 2022 | 320,728 |
| 2023 | 281,332 |
| 2024 | 290,593 |
| 2025 | 300,169 |
| Thereafter | <u>102,411</u> |
| | <u>\$ 1,803,938</u> |

8. CONTINGENCY

Ayuda, Inc. receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2020. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

9. RETIREMENT PLAN

Ayuda, Inc. offers a retirement benefit plan through a qualified 403(b) tax-deferred annuity plan covering all eligible employees. Under the Plan, Ayuda, Inc. deducts a percentage for the employee's income each pay period, up to the legally allowed limit per the employee's election. Starting in 2017, the Plan permits contributions by the employer. Ayuda, Inc. contributed a 3% match. Contributions to the Plan during the year ended September 30, 2020 totaled \$99,155, and is included in fringe benefits and taxes in the accompanying Statement of Functional Expenses.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

10. SUBSEQUENT EVENTS

In preparing these financial statements, Ayuda, Inc. has evaluated events and transactions for potential recognition or disclosure through January 27, 2021, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

AYUDA, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

| <u>Federal Grantor/Pass-Through Grantor / Program or Cluster Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Passed-Through to Subrecipients</u> | <u>Total Federal Expenditures</u> |
|---|----------------------------|---|--|-----------------------------------|
| Department of Justice | | | | |
| Government of the District of Columbia, Office of Victims Services and Justice - Crime Victims Program | 16.575 | 2019-V2-GX-0055 | \$ - | \$ 224,735 |
| Maryland Governor's Office of Crime Control and Prevention - Victims of Crime Assistance | 16.575 | 2018-V2-GX-0032 | - | 953,446 |
| Subtotal 16.575 | | | <u>-</u> | <u>1,178,181</u> |
| Government of the District of Columbia, Office of Victims Services and Justice - Domestic Violence and Sexual Assault Program | 16.588 | 2020-VAWA-001 | - | 514,141 |
| Commonwealth of Virginia - Domestic Violence and Sexual Assault Program | 16.588 | 2018-WF-AX-0056 | - | 21,604 |
| Commonwealth of Virginia - Domestic Violence and Sexual Assault Program | 16.588 | 2019-WF-AX-0032 | - | 12,121 |
| Subtotal 16.588 | | | <u>-</u> | <u>547,866</u> |
| Office of Victims of Crime - Legal Immigration Assistance Program for Foreign-Born Victims of Human Trafficking | 16.320 | N/A | - | 172,619 |
| Office of Victims of Crime - Specialized Services for Victims of Human Trafficking | 16.320 | N/A | - | 75,818 |
| Subtotal 16.320 | | | <u>-</u> | <u>248,437</u> |
| Office of Violence Against Women - Legal Assistance for Immigrant Victims Program | 16.524 | N/A | - | 155,980 |
| Office of Violence Against Women - Legal Assistance for Immigrant Victims Program | 16.524 | N/A | - | 229,341 |
| Subtotal 16.524 | | | <u>-</u> | <u>385,321</u> |
| Equal Justice Works - Crime Victims Justice Corps Legal Fellowship Program | 16.582 | 2018-CVJC-004 | - | 44,206 |
| Total Department of Justice | | | <u>-</u> | <u>2,404,011</u> |
| Department of Health and Human Services | | | | |
| US Committee for Refugees and Immigrants - Trafficking Victim Assistance Program | 93.598 | 90ZV0123 | - | 216,407 |
| Vera Institute of Justice, Inc. - Unaccompanied Children Legal Services Project | 93.676 | HHSP233201500045C | - | 291,719 |
| Total Department of Health and Human Services | | | <u>-</u> | <u>508,126</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ -</u> | <u>\$ 2,912,137</u> |

AYUDA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Ayuda, Inc. under programs of the Federal government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Ayuda, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Ayuda, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Ayuda, Inc., has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Reconciliation of Financial Statements to the Schedule of Expenditures of Federal Awards

| | |
|---|----------------------------|
| Government grants per the Statement of Activities and Change in Net Assets | \$ 2,968,099 |
| Less: Admin fees | <u>(55,962)</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | <u>\$ 2,912,137</u> |

AYUDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

2). Internal control over financial reporting:

• Material weakness(es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

3). Noncompliance material to financial statements noted?

Yes No

Federal Awards

4). Internal control over major federal programs:

• Material weakness(es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

5). Type of auditor's report issued on compliance for major federal programs:

Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7). Identification of major federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 16.575 | Crime Victim Assistance |
| 16.588 | Violence Against Women Formula Grants |

8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

9). Auditee qualified as a low-risk auditee?

X Yes No

AYUDA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ayuda, Inc. as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Ayuda, Inc.'s basic financial statements, and have issued our report thereon dated January 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ayuda, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ayuda, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ayuda, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Ayuda, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ayuda, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

January 27, 2021



CPAs & ADVISORS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL
REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST
PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)**

Independent Auditor's Report

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited Ayuda, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ayuda, Inc.'s major Federal programs for the year ended September 30, 2020. Ayuda, Inc.'s major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ayuda, Inc.'s major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Ayuda, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Ayuda, Inc.'s compliance.

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Opinion on Each Major Federal Program

In our opinion, Ayuda, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of Ayuda, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ayuda, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ayuda, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



January 27, 2021