



*Center for Disaster Philanthropy, Inc. &
Subsidiary*

Consolidated Financial Statements
and
Independent Auditor's Report

December 31, 2021 and 2020



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Independent Auditor's Report

To the Board of Directors
Center for Disaster Philanthropy, Inc. & Subsidiary
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of Center for Disaster Philanthropy, Inc. & Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Center for Disaster Philanthropy, Inc. & Subsidiary as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Center for Disaster Philanthropy, Inc. & Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Center for Disaster Philanthropy, Inc. & Subsidiary'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 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Center for Disaster Philanthropy, Inc. & Subsidiary'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 Center for Disaster Philanthropy, Inc. & Subsidiary'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated

financial statements or to the consolidated 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 consolidated financial statements as a whole.

Sikich LLP

Alexandria, Virginia

April 7, 2022

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 28,817,084	\$ 33,079,782
Certificate of deposit	-	1,002,227
Accounts receivable	37,457	41,040
Contributions and grants receivable, net	1,511,228	3,291,263
Property and equipment, net	67,970	8,025
Other assets	27,435	18,188
Total assets	\$ 30,461,174	\$ 37,440,525
 Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 248,869	\$ 229,883
Grants payable	547,663	150,000
Contract liabilities	152,463	76,614
Total liabilities	948,995	456,497
Net assets:		
Without donor restrictions	9,668,819	7,715,659
With donor restrictions	19,843,360	29,268,369
Total net assets	29,512,179	36,984,028
Total liabilities and net assets	\$ 30,461,174	\$ 37,440,525

See accompanying notes to the consolidated financial statements.

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Contributions and grants	\$ 2,276,329	\$ 16,691,408	\$ 18,967,737
In-kind contributions	1,700,963	-	1,700,963
Consulting fees	495,548	-	495,548
Interest and other income, net	130,261	2,883	133,144
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>26,119,300</u>	<u>(26,119,300)</u>	<u>-</u>
Total revenues	<u>30,722,401</u>	<u>(9,425,009)</u>	<u>21,297,392</u>
Expenses:			
Program services:			
Disaster programs	22,551,138	-	22,551,138
Consulting services	<u>3,857,566</u>	<u>-</u>	<u>3,857,566</u>
Total program services	<u>26,408,704</u>	<u>-</u>	<u>26,408,704</u>
Support services:			
Management and general	1,159,205	-	1,159,205
Fundraising	<u>1,201,332</u>	<u>-</u>	<u>1,201,332</u>
Total support services	<u>2,360,537</u>	<u>-</u>	<u>2,360,537</u>
Total expenses	<u>28,769,241</u>	<u>-</u>	<u>28,769,241</u>
Change in net assets	1,953,160	(9,425,009)	(7,471,849)
Net assets, beginning of year	<u>7,715,659</u>	<u>29,268,369</u>	<u>36,984,028</u>
Net assets, end of year	<u>\$ 9,668,819</u>	<u>\$ 19,843,360</u>	<u>\$ 29,512,179</u>

See accompanying notes to the consolidated financial statements.

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidated Statement of Activities
For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues:			
Contributions and grants	\$ 3,168,494	\$ 51,486,109	\$ 54,654,603
In-kind contributions	140,473	-	140,473
Consulting fees	306,365	-	306,365
Interest and other income, net	101,487	7,481	108,968
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>34,644,013</u>	<u>(34,644,013)</u>	<u>-</u>
Total revenues	<u>38,360,832</u>	<u>16,849,577</u>	<u>55,210,409</u>
Expenses:			
Program services:			
Disaster programs	28,777,802	-	28,777,802
Consulting services	<u>3,256,181</u>	<u>-</u>	<u>3,256,181</u>
Total program services	<u>32,033,983</u>	<u>-</u>	<u>32,033,983</u>
Support services:			
Management and general	406,988	-	406,988
Fundraising	<u>418,489</u>	<u>-</u>	<u>418,489</u>
Total support services	<u>825,477</u>	<u>-</u>	<u>825,477</u>
Total expenses	<u>32,859,460</u>	<u>-</u>	<u>32,859,460</u>
Change in net assets	5,501,372	16,849,577	22,350,949
Net assets, beginning of year	<u>2,214,287</u>	<u>12,418,792</u>	<u>14,633,079</u>
Net assets, end of year	<u>\$ 7,715,659</u>	<u>\$ 29,268,369</u>	<u>\$ 36,984,028</u>

See accompanying notes to the consolidated financial statements.

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

	Disaster programs	Consulting services	Total program services	Management and general	Fundraising	Total support services	Total expenses
Grants	\$ 20,789,846	\$ 3,512,304	\$ 24,302,150	\$ -	\$ -	\$ -	\$ 24,302,150
Payroll and benefits	719,114	158,446	877,560	957,862	340,046	1,297,908	2,175,468
In-kind advertising	826,429	-	826,429	-	826,429	826,429	1,652,858
Professional services fees	131,559	4,856	136,415	88,251	5,744	93,995	230,410
Consultants	18,360	168,393	186,753	24,240	-	24,240	210,993
Office and other expenses	55,844	11,864	67,708	80,769	26,541	107,310	175,018
Depreciation and amortization	4,215	929	5,144	5,614	1,993	7,607	12,751
Travel	2,257	-	2,257	837	-	837	3,094
Meetings and convenings	2,919	643	3,562	839	298	1,137	4,699
Occupancy	595	131	726	793	281	1,074	1,800
Total expenses	<u>\$ 22,551,138</u>	<u>\$ 3,857,566</u>	<u>\$ 26,408,704</u>	<u>\$ 1,159,205</u>	<u>\$ 1,201,332</u>	<u>\$ 2,360,537</u>	<u>\$ 28,769,241</u>

See accompanying notes to the consolidated financial statements.

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Disaster programs</u>	<u>Consulting services</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total support services</u>	<u>Total expenses</u>
Grants	\$ 27,093,399	\$ 2,963,516	\$ 30,056,915	\$ -	\$ -	\$ -	\$ 30,056,915
Payroll and benefits	1,254,823	171,146	1,425,969	329,061	309,430	638,491	2,064,460
In-kind advertising	68,911	-	68,911	-	68,911	68,911	137,822
Professional services fees	91,745	8,502	100,247	46,396	17,540	63,936	164,183
Consultants	165,067	93,668	258,735	6,980	-	6,980	265,715
Office and other expenses	66,488	12,380	78,868	15,707	14,463	30,170	109,038
Depreciation and amortization	3,524	657	4,181	834	768	1,602	5,783
Travel	13,893	2,591	16,484	3,288	3,028	6,316	22,800
Meetings and convenings	5,142	959	6,101	1,217	1,121	2,338	8,439
Occupancy	<u>14,810</u>	<u>2,762</u>	<u>17,572</u>	<u>3,505</u>	<u>3,228</u>	<u>6,733</u>	<u>24,305</u>
Total expenses	<u>\$ 28,777,802</u>	<u>\$ 3,256,181</u>	<u>\$ 32,033,983</u>	<u>\$ 406,988</u>	<u>\$ 418,489</u>	<u>\$ 825,477</u>	<u>\$ 32,859,460</u>

See accompanying notes to the consolidated financial statements.

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ <u>(7,471,849)</u>	\$ <u>22,350,949</u>
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	12,751	5,783
Donated stock	(8,446)	(312,962)
Realized loss on donated stock	501	6,068
Forgiveness of Paycheck Protection Program loan	-	(189,878)
Decrease (increase) in assets:		
Accounts receivable	3,583	(39,708)
Contributions and grants receivable	1,780,035	1,625,226
Prepaid expenses	(9,247)	-
Other assets	-	(1,121)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,986	54,538
Grants payable	397,663	(1,318,140)
Contract liabilities	75,849	(55)
Total adjustments	<u>2,271,675</u>	<u>(170,249)</u>
Net cash (used in) provided by operating activities	<u>(5,200,174)</u>	<u>22,180,700</u>
Cash flows from investing activities:		
Purchases of property and equipment	(72,696)	(4,290)
Purchases of certificates of deposit	-	(7,000,000)
Proceeds from redemption of certificates of deposit	1,002,227	5,997,773
Proceeds from sales of stock	<u>7,945</u>	<u>306,894</u>
Net cash provided by (used in) investing activities	<u>937,476</u>	<u>(699,623)</u>
Cash flows from financing activities:		
Proceeds from issuance of Paycheck Protection Program loan	<u>-</u>	<u>189,878</u>
Net cash provided by financing activities	<u>-</u>	<u>189,878</u>
Net (decrease) increase in cash	(4,262,698)	21,670,955
Cash, beginning of year	<u>33,079,782</u>	<u>11,408,827</u>
Cash, end of year	<u>\$ 28,817,084</u>	<u>\$ 33,079,782</u>

See accompanying notes to the consolidated financial statements.

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

1. Organization

The accompanying consolidated financial statements include the accounts of the Center for Disaster Philanthropy, Inc. and the Louisiana Disaster Recovery Alliance LLC (collectively referred to as CDP). The Center for Disaster Philanthropy is the sole member of the Louisiana Disaster Recovery Alliance LLC.

The Center for Disaster Philanthropy, Inc. (the Center) was incorporated and effectively received its 501(c)(3) determination on March 7, 2012. The Center's mission is to leverage the power of philanthropy to mobilize a full range of resources that strengthen the ability of communities to withstand disasters and recover equitably when they occur. This includes increasing the effectiveness of contributions given to disasters, bringing greater attention to the life cycle of disasters, providing timely and relevant advice from experts with deep knowledge of disaster philanthropy, conducting due diligence so donors can give with confidence, and creating plans for informed giving for individuals, corporations and foundations.

On September 20, 2016, the Louisiana Disaster Recovery Alliance LLC (LDRA) was formed in Louisiana. LDRA is an alliance of organizations based in, or with a substantial presence in, the State of Louisiana that have a shared vision of promoting a more resilient Louisiana. LDRA was established to share knowledge and resources within Louisiana, to promote best practices with respect to disaster recovery efforts and to provide a model for regional, philanthropic response efforts around the country. The Center provides management and administrative support to the LDRA.

2. Summary of Significant Accounting Policies

a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Center and LDRA. All significant intercompany accounts and transactions have been eliminated in consolidation.

b. Basis of presentation

CDP's consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) for nonprofit organizations. Under those principles, CDP is required to report information regarding its financial position and activities according to two classes of net assets:

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion.

- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of CDP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying consolidated statements of activities.

c. Basis of accounting

CDP's consolidated financial statements are prepared on the accrual basis of accounting in accordance with US GAAP.

d. Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

e. Income taxes

The Center is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Center is not classified as a private foundation. LDRA is wholly owned by the Center and its operating results flow through to the Center for tax reporting purposes.

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

f. Accounts receivable

Accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for accounts receivable that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2021 and 2020, all receivables are fully collectible, therefore, no allowance for doubtful accounts has been recognized. However, actual write-offs may occur.

g. Contributions and grants receivable, net

Contributions and certain grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions and grants receivable that are expected to be collected in less than one year are reported at their net realizable value. Amounts that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a discount rate commensurate with the risk involved. Amortization of the resulting discount is recognized as additional contribution revenue.

Reserves are established for contributions and grants receivable that are delinquent and considered uncollectible based on periodic reviews by management. At December 31, 2021 and 2020, all contributions and grants receivable are fully collectible, therefore, no allowance for doubtful accounts has been recognized. However, actual write-offs may occur.

h. Property and equipment, net

Property and equipment acquisitions are recorded in the consolidated financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Website	3 years
Computer equipment	3 years

CDP's policy is to capitalize major additions and improvements over \$1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

i. Revenue recognition

CDP recognizes unconditional contributions and grants when received or promised and are recorded net of any current year allowance or discount activity. CDP reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to CDP's programs or to a future year. 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. At December 31, 2021 and 2020, there were no conditional promises to give.

In-kind contributions: CDP receives various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying consolidated financial statements as in-kind contributions are offset by like amounts included in expenses. During the years ended December 31, 2021 and 2020, CDP received contributed services with a fair value on the dates of donation of \$29,475 and \$2,651, respectively, for legal services and \$1,652,858 and \$137,822, respectively, for advertising services. In addition, during the year ended December 31, 2021, CDP received donated software in the amount of \$18,630.

Consulting fees: The majority of consulting fees consist of consulting services provided to customers on an on-going basis to act as a trusted advisor and provide information and recommendations on philanthropic endeavors associated with the life cycle of disasters. For such contracts, revenue is recognized ratably over the term of the contract based the time elapsed method. For other consulting fees, revenue is recognized over time based upon hours worked and satisfaction of performance obligations. CDP also has consulting fees for the facilitation of workshops. These revenues are recognized at the point in time when the workshop occurs. CDP believes that methods used provide a faithful depiction of the transfer of control of its services. The contract lengths are typically over a one-year period.

Center for Disaster Philanthropy, Inc. & Subsidiary
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CDP also provides professional services and earns revenue based on the delivery of hours. These contracts are time and material contracts generally accounted for as a single performance obligation and are not segmented between different elements of the contract. Revenue from time and material contracts is recognized over time as the work progresses, based on the hours expended, plus material and other direct costs.

Customer payments on contracts are typically due within 30 days of billing. CDP's contracts do not contain any significant amount of variable consideration. There are no significant judgments or estimates involved in the recognition of revenue.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable (contract assets) and customer advances and deposits (contract liabilities) on the accompanying consolidated statements of financial position. For consulting engagements with ongoing services throughout the year, fees are billed in advance or in installments varying from monthly to semi-annually. For project-based consulting engagements, fees are typically billed with a portion due at the contract execution and the remainder as performance obligations are met.

The beginning and ending contract balances were as follows at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 37,457	\$ 41,040	\$ 1,332
Contract liabilities	\$ 152,463	\$ 76,614	\$ 76,669

j. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs, such as payroll and benefits, office and other expenses, depreciation and amortization and occupancy have been allocated among programs and support services based on level of effort. Other expenses, such as professional service fees, consultants and travel have been directly charged among the programs and support services benefited, with the remaining portion allocated among programs and support services based on level of effort. Such allocations are determined by management on an equitable basis.

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Notes to the Consolidated Financial Statements
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k. New pronouncements

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The standard is effective for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022. CDP is currently assessing the impact of this new standard but does not anticipate it having a material impact.

3. Liquidity and Availability

The following represents CDP's financial assets available to meet general expenditures within one year at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 28,817,084	\$ 33,079,782
Certificate of deposit	-	1,002,227
Accounts receivable	37,457	41,040
Contributions and grants receivable, net	<u>1,511,228</u>	<u>3,291,263</u>
Total financial assets	<u>30,365,769</u>	<u>37,414,312</u>
Less amounts not available within one year:		
Grants committed	547,663	150,000
Net assets with donor restrictions	19,843,360	29,268,369
Less: Time restricted net assets to be released	<u>(215,000)</u>	<u>(610,000)</u>
Total	<u>20,176,023</u>	<u>28,808,369</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,189,746</u>	<u>\$ 8,605,943</u>

CDP is focused on maintaining its financial liquidity and operating reserves. CDP's goal is to maintain financial assets to meet at least six months of operating expenses (approximately \$1,300,000) and to maintain reserves to meet any unexpected operating needs and to draw upon in the event of revenue fluctuations. CDP regularly monitors its cash flows and reserves to ensure that it maintains sufficient liquidity to meet its operating needs and other contractual obligations as they become due. As part of its liquidity plan, excess cash is invested in short-term investments, such as certificates of deposit. CDP also has a \$500,000 line of credit available to meet cash flow needs if required.

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

4. Concentrations of Credit Risk

CDP maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limit. CDP maintains an operating account and an insured cash sweep account at one financial institution. Funds automatically transfer between the operating and insured cash sweep accounts to ensure that minimal balances, if any, are maintained above the FDIC limit in either account. CDP had bank deposits in excess of the FDIC limit of \$85 for the years ended December 31, 2021 and 2020. CDP has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

5. Certificate of Deposit

Certificates of deposits are placed with multiple financial institutions through the Certificate of Deposit Account Registry Service (CDARS) Deposit Placement Program to ensure that all amounts are fully insured by the FDIC. The certificate of deposit was earning interest at a fixed rate of 0.55% per annum for the years ended December 31, 2021 and 2020.

Interest income from certificates of deposit amounted to \$3,259 and \$21,629 for the years ended December 31, 2021 and 2020, respectively.

6. Contributions and Grants Receivable, Net

Contributions and grants receivable consist of unconditional promises to give and are summarized as follows:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 1,511,228	\$ 2,492,560
One to three years	<u>-</u>	<u>800,000</u>
Total	1,511,228	3,292,560
Less:		
Discount to present value (discount rate of 0.13%)	<u>-</u>	<u>(1,297)</u>
Contributions and grants receivable, net	<u>\$ 1,511,228</u>	<u>\$ 3,291,263</u>

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

7. Property and Equipment, Net

The following is a summary of property and equipment held at December 31:

	<u>2021</u>	<u>2020</u>
Website	\$ 82,110	\$ 20,800
Computer equipment	<u>32,118</u>	<u>20,732</u>
Property and equipment	114,228	41,532
Accumulated depreciation and amortization	<u>(46,258)</u>	<u>(33,507)</u>
Total property and equipment, net	<u>\$ 67,970</u>	<u>\$ 8,025</u>

8. Line of Credit

The Center entered into a working capital line of credit with its financial institution in the amount of \$500,000. The line of credit is a demand facility, which will be reviewed annually, and has as collateral all business assets of the Center. The interest rate on the line of credit is the 30-day libor plus 3%, with no floor, which was 3.125% and 3.25% at December 31, 2021 and 2020, respectively. The Center believes it is in compliance with all covenants stipulated on the facility for the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, there was no outstanding balance on the line.

9. Net Assets With Donor Restrictions

Net assets were released from donor restrictions during the years ended December 31, 2021 and 2020 for the following purposes:

	<u>2021</u>	<u>2020</u>
COVID-19 Response Fund	\$ 13,110,781	\$ 21,902,255
Google Disaster Grants	3,788,166	3,277,733
Disaster Recovery Fund	1,952,450	831,735
California Wildfires Recovery Fund	1,853,660	68,994
Atlantic Hurricane Season Recovery Fund	1,280,965	47,042
Global Recovery Fund	935,074	1,694,052
Time Restricted Grants	825,000	1,039,218
Midwest Early Recovery Fund	745,635	1,204,916
Haiti Earthquake Recovery Fund	642,490	-
Colorado Wildfires Recovery Fund	553,194	-
Native American and Tribal Communities Recovery Program	452,083	537,395
2017 Atlantic Hurricane Season Recovery Fund	55,850	118,016
Disaster Philanthropy Playbook	36,183	128,185
2019 Atlantic Hurricane Season Recovery Fund	13,739	2,001,679

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Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

(continued)	<u>2021</u>	<u>2020</u>
Miscellaneous Donor Restricted Funds and Grants	11,606	143,420
State of Disaster Philanthropy	9,574	121,661
Louisiana Disaster Recovery Alliance	5,000	75,376
2019 California Wildfires Recovery Fund (return of grant funds)	(152,150)	1,104,293
Capacity Building Grant	-	197,179
2019 Midwest Floods Recovery Fund	-	<u>150,864</u>
Total net assets released from restrictions	<u>\$ 26,119,300</u>	<u>\$ 34,644,013</u>

At December 31, 2021 and 2020, net assets with donor restrictions were available for the following purposes:

	<u>2021</u>	<u>2020</u>
COVID-19 Response Fund	\$ 10,153,595	\$ 19,751,171
Atlantic Hurricane Season Recovery Fund	2,111,500	1,063,936
California Wildfires Recovery Fund	1,745,645	1,847,932
Midwest Early Recovery Fund	1,637,462	1,896,787
Haiti Earthquake Recovery Fund	1,104,528	-
Google Disaster Grants	990,672	1,990,421
Global Recovery Fund	907,968	519,155
Disaster Recovery Fund	793,942	628,898
Time Restricted Grants	215,000	610,000
Disaster Philanthropy Playbook	110,749	106,932
Colorado Wildfires Recovery Fund	34,004	237,293
Miscellaneous Donor Restricted Funds and Grants	<u>38,295</u>	<u>615,844</u>
Total net assets with donor restrictions	<u>\$ 19,843,360</u>	<u>\$ 29,268,369</u>

10. Concentrations of Revenue Risk

During the years ended December 31, 2021 and 2020, CDP received contributions with donor restrictions of \$3,133,698 from one donor and \$15,000,000 from two donors, respectively, which is approximately 17% and 27%, respectively, of its total contributions and grants revenue. CDP had contributions and grants receivable of approximately 53% from one donor and 70% from two donors at December 31, 2021 and 2020, respectively. Any significant reduction in revenue and support may adversely impact CDP's financial position and operations.

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

11. Disaggregation of Revenue

Disaggregated revenue as of the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
<u>Timing of Revenue Recognition:</u>		
Services transferred at a point in time	\$ 55,750	\$ -
Services transferred over time	439,798	306,365
Total Revenue	\$ 495,548	\$ 306,365

Various economic factors affect the recognition of revenue and cash flows, including CDP's ability to provide consulting services. For the years ended December 31, 2021 and 2020, there was no material impact on CDP's consulting fees revenue.

12. Paycheck Protection Program

The Paycheck Protection Program (PPP) is a low-interest Small Business Administration (SBA) loan and generally covers eight weeks of payroll costs and may be forgiven entirely if the borrower meets certain conditions, such as maintaining staffing levels and spending a certain amount of funds on salaries and other qualifying expenditures during the qualified period. CDP was approved for a loan under this program on July 27, 2020 in the amount of \$189,878, with an interest rate of 1% and a maturity date of five years from the date on which CDP applies for loan forgiveness. As of December 31, 2020, management had determined that the conditions for loan forgiveness had been met and the full amount of the loan was recognized and included in contributions without donor restrictions in the accompanying consolidated statement of activities. The loan was forgiven in full on March 30, 2021.

13. Related Party Transactions

During the year ended December 31, 2021, CDP received contributions from individual Board members and organizations with which Board members are affiliated. During the years ended December 31, 2021 and 2020, CDP received contributions in the amount of \$425,532 and \$250,000, respectively, from organizations at which two Board members are high level executives. In addition, for the year ended December 31, 2021, CDP received in-kind legal services valued at \$29,475 from an organization at which a Board member is affiliated. All Board members also individually contribute to CDP on an annual basis.

Center for Disaster Philanthropy, Inc. & Subsidiary
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

14. Commitment

Operating lease

On May 1, 2019, CDP entered into a twelve-month membership agreement with a coworking office space. The membership fee was \$2,709 per month through April 30, 2020. On May 1, 2020, CDP extended the lease for the same membership fee amount per month through October 31, 2020. On November 1, 2020, CDP entered into a month-to-month virtual membership agreement for access to the office space and services provided by the coworking office space. The virtual membership fee is \$150 per month.

15. Retirement Plan

CDP has implemented a contributory, defined contribution retirement plan (the Plan) for the benefit of all qualified employees. The Plan is a safe harbor plan which makes contributions of 100% of the first 4% of an employee's contributions. All employees who are at least 21 years of age are eligible to participate in the plan on their employment date. Employer contributions totaled \$67,915 and \$60,775 for the years ended December 31, 2021 and 2020, respectively.

16. Subsequent Events

In preparing the consolidated financial statements, CDP has evaluated events and transactions for potential recognition or disclosure through April 7, 2022, which is the date the consolidated financial statements were available to be issued. Except as noted below, there were no subsequent events that require recognition or disclosure in these consolidated financial statements.

Effective March 23, 2022, the Louisiana Disaster Recovery Alliance LLC was fully dissolved and remaining assets were transferred to a new unrelated organization.

Supplemental Information

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidating Schedule of Financial Position
December 31, 2021
(with summarized financial information for 2020)

	<u>Center for Disaster Philanthropy, Inc.</u>	<u>Louisiana Disaster Recovery Alliance LLC</u>	<u>Eliminations</u>	<u>2021 Total</u>	<u>2020 Total</u>
Assets					
Cash	\$ 28,808,989	\$ 8,095	\$ -	\$ 28,817,084	\$ 33,079,782
Certificate of deposit	-	-	-	-	1,002,227
Accounts receivable	37,457	-	-	37,457	41,040
Contributions and grants receivable, net	1,511,228	-	-	1,511,228	3,291,263
Property and equipment, net	67,970	-	-	67,970	8,025
Other assets	<u>27,435</u>	<u>-</u>	<u>-</u>	<u>27,435</u>	<u>18,188</u>
Total assets	<u>\$ 30,453,079</u>	<u>\$ 8,095</u>	<u>\$ -</u>	<u>\$ 30,461,174</u>	<u>\$ 37,440,525</u>
Liabilities and Net Assets					
Accounts payable and accrued expenses	\$ 248,869	\$ -	\$ -	\$ 248,869	\$ 229,883
Grants payable	547,663	-	-	547,663	150,000
Contract liabilities	<u>152,463</u>	<u>-</u>	<u>-</u>	<u>152,463</u>	<u>76,614</u>
Total liabilities	<u>948,995</u>	<u>-</u>	<u>-</u>	<u>948,995</u>	<u>456,497</u>
Net assets:					
Without donor restrictions	9,668,819	-	-	9,668,819	7,715,659
With donor restrictions	<u>19,835,265</u>	<u>8,095</u>	<u>-</u>	<u>19,843,360</u>	<u>29,268,369</u>
Total net assets	<u>29,504,084</u>	<u>8,095</u>	<u>-</u>	<u>29,512,179</u>	<u>36,984,028</u>
Total liabilities and net assets	<u>\$ 30,453,079</u>	<u>\$ 8,095</u>	<u>\$ -</u>	<u>\$ 30,461,174</u>	<u>\$ 37,440,525</u>

Center for Disaster Philanthropy, Inc. & Subsidiary
Consolidating Schedule of Activities
For the Year Ended December 31, 2021
(with summarized financial information for 2020)

	<u>Center for Disaster Philanthropy, Inc.</u>	<u>Louisiana Disaster Recovery Alliance LLC</u>	<u>Eliminations</u>	<u>2021 Total</u>	<u>2020 Total</u>
Net assets without donor restrictions:					
Contributions and grants	\$ 2,276,329	\$ -	\$ -	\$ 2,276,329	\$ 3,168,494
In-kind contributions	1,700,963	-	-	1,700,963	140,473
Consulting fees	495,548	-	-	495,548	306,365
Interest and other income, net	135,261	-	(5,000)	130,261	101,487
Net assets released from restrictions:					
Satisfaction of donor restrictions	<u>26,114,300</u>	<u>5,000</u>	<u>-</u>	<u>26,119,300</u>	<u>34,644,013</u>
Total revenues without donor restrictions	<u>30,722,401</u>	<u>5,000</u>	<u>(5,000)</u>	<u>30,722,401</u>	<u>38,360,832</u>
Expenses:					
Program services:					
Disaster programs	22,551,138	-	-	22,551,138	28,777,802
Consulting services	<u>3,857,566</u>	<u>-</u>	<u>-</u>	<u>3,857,566</u>	<u>3,256,181</u>
Total program services	<u>26,408,704</u>	<u>-</u>	<u>-</u>	<u>26,408,704</u>	<u>32,033,983</u>
Support services:					
Management and general	1,159,205	5,000	(5,000)	1,159,205	406,988
Fundraising	<u>1,201,332</u>	<u>-</u>	<u>-</u>	<u>1,201,332</u>	<u>418,489</u>
Total support services	<u>2,360,537</u>	<u>5,000</u>	<u>(5,000)</u>	<u>2,360,537</u>	<u>825,477</u>
Total expenses	<u>28,769,241</u>	<u>5,000</u>	<u>(5,000)</u>	<u>28,769,241</u>	<u>32,859,460</u>
Change in net assets without donor restrictions	<u>1,953,160</u>	<u>-</u>	<u>-</u>	<u>1,953,160</u>	<u>5,501,372</u>
Net assets with donor restrictions:					
Contributions and grants	16,691,408	-	-	16,691,408	51,486,109
Interest and other income, net	2,839	44	-	2,883	7,481
Net assets released from restrictions:					
Satisfaction of donor restrictions	<u>(26,114,300)</u>	<u>(5,000)</u>	<u>-</u>	<u>(26,119,300)</u>	<u>(34,644,013)</u>
Change in net assets with donor restrictions	<u>(9,420,053)</u>	<u>(4,956)</u>	<u>-</u>	<u>(9,425,009)</u>	<u>16,849,577</u>
Change in net assets	(7,466,893)	(4,956)	-	(7,471,849)	22,350,949
Net assets, beginning of year	<u>36,970,977</u>	<u>13,051</u>	<u>-</u>	<u>36,984,028</u>	<u>14,633,079</u>
Net assets, end of year	<u>\$ 29,504,084</u>	<u>\$ 8,095</u>	<u>\$ -</u>	<u>\$ 29,512,179</u>	<u>\$ 36,984,028</u>