



We Are The Communities We Serve

Financial Statements

(Together with Independent Auditors' Report)

Years Ended June 30, 2022 and 2021

AND

AUDIT REPORTS AND SCHEDULE REQUIRED BY OFFICE OF
MANAGEMENT AND BUDGET UNIFORM GUIDANCE

YEAR ENDED JUNE 30, 2022

DIASPORA COMMUNITY SERVICES, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2022 AND 2021

AND

**AUDIT REPORTS AND SCHEDULE REQUIRED BY OFFICE OF
MANAGEMENT AND BUDGET UNIFORM GUIDANCE**

YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Diaspora Community Services, Inc.

Opinion

We have audited the accompanying financial statements of Diaspora Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diaspora Community Services, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Diaspora Community Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Diaspora Community Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards shown on page 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*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic 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 March 30, 2023, on our consideration of Diaspora Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of Diaspora Community Services, Inc.'s 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 Diaspora Community Services, Inc.'s internal control over financial reporting and compliance.

Report on Comparative Information

We have previously audited Diaspora Community Services, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 12, 2022. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Zelin & Associates CPA, LLC
New York, New York
March 30, 2023

DIASPORA COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022
(With Comparative Totals as of June 30, 2021)

	<u>6/30/2022</u>	<u>6/30/2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 189,051	\$ 118,137
Receivables (Note 3)	1,716,331	1,380,775
Prepaid expenses and other assets	98,803	18,356
Total Current Assets	<u>2,004,185</u>	<u>1,517,268</u>
 Property and equipment - at cost, net of accumulated depreciation and amortization of \$418,895 and \$400,316, respectively (Notes 2D and 4)	 <u>23,545</u>	 <u>42,124</u>
OTHER ASSETS		
Security deposits	44,273	43,843
Total Other Assets	<u>44,273</u>	<u>43,843</u>
TOTAL ASSETS	<u>\$ 2,072,003</u>	<u>\$ 1,603,235</u>
 LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 275,063	\$ 142,179
Accrued payroll and payroll taxes	131,895	110,142
Accrued compensated absences (Note 2I)	87,216	92,319
Deferred revenue	182,732	-
Total Current Liabilities	<u>676,906</u>	<u>344,640</u>
 LONG-TERM LIABILITIES		
Deferred rent (Note 5)	24,421	27,424
Total Long-Term Liabilities	<u>24,421</u>	<u>27,424</u>
TOTAL LIABILITIES	<u>701,327</u>	<u>372,064</u>
 COMMITMENTS AND CONTINGENCIES (Note 8)		
 NET ASSETS		
Net assets without donor restrictions (Note 2B)	<u>1,370,676</u>	<u>1,231,171</u>
TOTAL NET ASSETS	<u>1,370,676</u>	<u>1,231,171</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,072,003</u>	<u>\$ 1,603,235</u>

The accompanying notes are an integral part of these financial statements.

DIASPORA COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>Without Donor Restrictions</u>	<u>Total 6/30/2022</u>	<u>Total 6/30/2021</u>
REVENUES AND SUPPORT			
Government grants	\$ 3,603,522	\$ 3,603,522	\$ 2,879,158
Medicaid	285,167	285,167	323,730
Contributions	24,829	24,829	92,138
Fee for services	13,376	13,376	83,097
Forgiveness of debt	-	-	313,086
Other income	19,178	19,178	38,502
	<u>3,946,072</u>	<u>3,946,072</u>	<u>3,729,711</u>
EXPENSES			
Program Services:			
Care coordination	-	-	105,716
HIV services	958,538	958,538	959,381
Youth services	1,988,016	1,988,016	1,641,028
Other programs	490,254	490,254	126,406
	<u>3,436,808</u>	<u>3,436,808</u>	<u>2,832,531</u>
Supporting Services:			
Management and general	319,759	319,759	567,594
Fundraising	50,000	50,000	64,500
	<u>369,759</u>	<u>369,759</u>	<u>632,094</u>
	<u>3,806,567</u>	<u>3,806,567</u>	<u>3,464,625</u>
CHANGE IN NET ASSETS	139,505	139,505	265,086
NET ASSETS, beginning of year	<u>1,231,171</u>	<u>1,231,171</u>	<u>966,085</u>
NET ASSETS, end of year	<u>\$ 1,370,676</u>	<u>\$ 1,370,676</u>	<u>\$ 1,231,171</u>

The accompanying notes are an integral part of these financial statements.

DIASPORA COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Government grants	\$ 2,879,158	\$ -	\$ 2,879,158
Medicaid	323,730	-	323,730
Contributions	92,138	-	92,138
Fee for services	83,097	-	83,097
Forgiveness of debt	313,086	-	313,086
Other income	38,502	-	38,502
Net assets released from restrictions	97,597	(97,597)	-
TOTAL REVENUES AND SUPPORT	<u>3,827,308</u>	<u>(97,597)</u>	<u>3,729,711</u>
EXPENSES			
Program Services:			
Care coordination	105,716	-	105,716
HIV services	959,381	-	959,381
Youth services	1,641,028	-	1,641,028
Other programs	126,406	-	126,406
Total Program Services	<u>2,832,531</u>	<u>-</u>	<u>2,832,531</u>
Supporting Services:			
Management and general	567,594	-	567,594
Fundraising	64,500	-	64,500
Total Supporting Services	<u>632,094</u>	<u>-</u>	<u>632,094</u>
TOTAL EXPENSES	<u>3,464,625</u>	<u>-</u>	<u>3,464,625</u>
CHANGE IN NET ASSETS	362,683	(97,597)	265,086
NET ASSETS, beginning of year	868,488	97,597	966,085
NET ASSETS, end of year	<u>\$ 1,231,171</u>	<u>\$ -</u>	<u>\$ 1,231,171</u>

The accompanying notes are an integral part of these financial statements.

DIASPORA COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	PROGRAM SERVICES				SUPPORTING SERVICES			TOTAL EXPENSES	
	HIV SERVICES	YOUTH SERVICES	OTHER PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	6/30/2022	6/30/2021
Salaries and related costs	\$ 761,464	\$ 1,467,296	\$ 278,469	\$ 2,507,229	\$ 10,893	\$ -	\$ 10,893	\$ 2,518,122	\$ 2,203,916
Rent	32,853	169,620	10,075	212,548	34,827	-	34,827	247,375	237,725
Utilities	2,323	15,016	2,944	20,283	11,728	-	11,728	32,011	39,960
Telephone	6,801	20,877	3,894	31,572	16,310	-	16,310	47,882	37,665
Repairs and maintenance	6,545	20,439	23,230	50,214	20,210	-	20,210	70,424	54,329
Supplies	31,357	57,094	12,053	100,504	6,424	-	6,424	106,928	122,007
Professional fees and consultants	39,553	79,733	127,744	247,030	147,092	50,000	197,092	444,122	447,943
Travel	3,524	11,006	550	15,080	61	-	61	15,141	15,715
Dues and subscriptions	534	4,832	10,000	15,366	9,397	-	9,397	24,763	35,522
Furniture and equipment	14,089	26,700	960	41,749	-	-	-	41,749	37,575
Food	984	26,171	5,538	32,693	6,661	-	6,661	39,354	43,089
Stipends and incentives	7,178	25,538	-	32,716	-	-	-	32,716	53,980
Equipment leasing	1,523	6,136	-	7,659	8,453	-	8,453	16,112	17,319
Insurance	17,697	20,887	11,777	50,361	4,161	-	4,161	54,522	37,856
Client activities and outreach	16,375	-	1,005	17,380	1,240	-	1,240	18,620	11,337
Depreciation and amortization	-	-	-	-	18,579	-	18,579	18,579	23,732
Training and recruitment	15,738	31,919	603	48,260	13,310	-	13,310	61,570	28,907
Interest and bank fees	-	-	-	-	6,537	-	6,537	6,537	9,728
Other expenses	-	4,752	1,412	6,164	3,876	-	3,876	10,040	6,320
Total Expenses	\$ 958,538	\$ 1,988,016	\$ 490,254	\$ 3,436,808	\$ 319,759	\$ 50,000	\$ 369,759	\$ 3,806,567	\$ 3,464,625

The accompanying notes are an integral part of these financial statements.

DIASPORA COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	CARE COORDINATION	HIV SERVICES	YOUTH SERVICES	OTHER PROGRAMS	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	
Salaries and related costs	\$ 48,829	\$ 788,450	\$ 1,233,485	\$ 35,094	\$ 2,105,858	\$ 98,058	\$ -	\$ 98,058	\$ 2,203,916
Rent	-	22,246	155,103	1,250	178,599	59,126	-	59,126	237,725
Utilities	-	1,381	30,964	-	32,345	7,615	-	7,615	39,960
Telephone	-	5,602	8,239	1,500	15,341	22,324	-	22,324	37,665
Repairs and maintenance	-	9,303	17,647	-	26,950	27,379	-	27,379	54,329
Supplies	532	41,139	46,850	32,265	120,786	1,221	-	1,221	122,007
Professional fees and consultants	56,250	46,250	17,130	3,231	122,861	260,582	64,500	325,082	447,943
Travel	-	3,127	11,489	896	15,512	203	-	203	15,715
Dues and subscriptions	-	3,016	1,291	24,500	28,807	6,715	-	6,715	35,522
Furniture and equipment	-	5,550	14,665	16,963	37,178	397	-	397	37,575
Food	-	3,330	30,148	9,307	42,785	304	-	304	43,089
Stipends and incentives	105	2,600	49,525	1,250	53,480	500	-	500	53,980
Equipment leasing	-	300	2,500	-	2,800	14,519	-	14,519	17,319
Insurance	-	2,000	4,700	-	6,700	31,156	-	31,156	37,856
Client activities and outreach	-	10,900	184	150	11,234	103	-	103	11,337
Depreciation and amortization	-	-	-	-	-	23,732	-	23,732	23,732
Training and recruitment	-	13,236	13,995	-	27,231	1,676	-	1,676	28,907
Interest and bank fees	-	-	-	-	-	9,728	-	9,728	9,728
Other expenses	-	951	3,113	-	4,064	2,256	-	2,256	6,320
Total Expenses	\$ 105,716	\$ 959,381	\$ 1,641,028	\$ 126,406	\$ 2,832,531	\$ 567,594	\$ 64,500	\$ 632,094	\$ 3,464,625

The accompanying notes are an integral part of these financial statements.

DIASPORA COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	<u>6/30/2022</u>	<u>6/30/2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 139,505	\$ 265,086
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	18,579	23,732
Deferred rent	(3,003)	972
Forgiveness of debt	-	(313,086)
Changes in:		
Receivables	(335,556)	(296,572)
Prepaid expenses and other assets	(80,447)	(11,474)
Security deposits	(430)	-
Accounts payable and accrued expenses	132,884	63,683
Accrued payroll and payroll taxes	21,753	16,900
Accrued compensated absences	(5,103)	5,885
Deferred revenue	182,732	(119,056)
Subtotal	<u>(68,591)</u>	<u>(629,016)</u>
Net Cash Provided by (Used In) Operating Activities	<u>70,914</u>	<u>(363,930)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest accrued on PPP loan	-	4,026
Net Cash Provided by Financing Activities	<u>-</u>	<u>4,026</u>
NET INCREASE (DECREASE) IN CASH	70,914	(359,904)
CASH - beginning of Year	<u>118,137</u>	<u>478,041</u>
CASH - End of Year	<u>\$ 189,051</u>	<u>\$ 118,137</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 5,240</u>	<u>\$ 4,214</u>

The accompanying notes are an integral part of these financial statements.

DIASPORA COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION AND PURPOSE

Diaspora Community Services, Inc. (“Diaspora” or the “Organization”), was incorporated in 1990 in the State of New York pursuant to the Not-for-Profit Corporation Law. Diaspora Community Services is a social support service agency that empowers families and individuals to maximize their abilities to succeed through culturally sensitive health promotion, family support services, and advocacy.

The Organization has been determined by the Internal Revenue Service to be exempt from Federal Income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The Organization is substantially funded through federal entitlements and by grants and contracts awarded by federal, state, and city government agencies.

The Organization’s core services are as follows:

Care Coordination services - Health Homes is a program comprised of health care service providers working together to make sure you get the services you need through care coordination to stay healthy. Once you are enrolled in our Health Homes Program, you will be assigned your own care manager. The care manager will work with you to set up a care plan and appointments and get the services you need to put you on the road to better health.

HIV services - We are dedicated to providing free and confidential HIV and Hepatitis-C testing and prevention services to individuals in North and Central Brooklyn. Through our Harm reduction and sexual health services, we are committed to empowering the young members of the LGBT+ community by providing various evidence-based interventions, free HIV & HCV testing, sexual health/harm reduction education sessions, assistance with linkage and navigation, and effective referral services.

Youth services – Our youth development programming expands educational, social, recreational, vocational, and economic opportunities that provide adolescents alternatives to sexual activity. This facilitates the acquisition of life skills that support a successful transition into healthy young adulthood. Through our programs, youth in North and Central Brooklyn are becoming knowledgeable about their sexual and reproductive health and have access to information and resources in their communities that will empower them to make responsible and proud choices.

Other programs – The Organization also operates two transitional independent living residential programs. Residents receive case management services and counseling to assist with education and career goals, financial literacy, health education, healthy relationship development, and healthy parenting skills.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) ***Basis of Accounting*** – The books and records of the Organization are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.
- B) ***Financial Statement Presentation*** – The Organization reports its financial position and operating activities according to two classes of net assets:

These classifications are defined as follows:

Net assets without donor restrictions - represents resources available for support of the Organization’s operation over which the Board of Directors has discretionary control.

Net assets with donor restrictions – represents net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained intact in perpetuity by the Organization.

DIASPORA COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C) **Tax Status** – The Organization believes it has no uncertain tax positions as of June 30, 2022 and 2021 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- D) **Property and Equipment** – are carried at cost less accumulated depreciation and amortization, which is provided on a straight-line basis over the estimated useful lives, generally not exceeding seven years of the related assets. When equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. It is the Organization’s policy to capitalize property, plant, and equipment and leasehold improvements in excess of \$5,000 on a per-item basis. Betterments and major renewals or replacements are capitalized, except when the cost of the equipment or betterment is reimbursed by a funding agency. Accordingly, the title to such assets remains in the name of the reimbursing agency.
- E) **Recognition of Support** – The preponderance of revenues received by the Organization is from cost-reimbursement contracts with governmental agencies and from Medicaid entitlements. Revenues are accrued for operating costs that qualify for reimbursement. The Organization defers contract revenues or grants that are received prior to incurring the related costs or for funds received in advance of the period intended for use. Retroactive adjustments to rates of reimbursement are recorded as revenues when received.

Contributions and grants contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Contributions with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give—that is, those with a measurable performance or other barriers and a right of return—are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. At June 30, 2022 and 2021, the Organization had no outstanding conditional grants.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to Clients receiving services at Diaspora’s facilities. The Organization measures the performance obligation from the commencement of a client service to the point when it is no longer required to provide services to that client, which is generally at the time of completion of the services.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization’s performance obligations consist primarily of client services that occur within one day of a client’s visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

Throughout the year, rates may vary, as determined by NYS and federal agencies and Medicaid, and the Organization will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Organization considers these amounts in determination of the transaction price. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience.

DIASPORA COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization determines its estimates of explicit or implicit price concessions based on its historical collection experience. Laws and regulations governing NYS and federal programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties and exclusion from these programs. Diaspora is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying financial statements and believes that it is in compliance with all applicable laws and regulations.

As a practical expedient, the Organization utilizes the portfolio approach for analyzing the revenue contracts in accordance with ASC Topic 606. The Organization accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Organization considers the similar nature and characteristics of the contract and customers in using the portfolio approach. Diaspora believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Client fees that are received in advance are deferred to the applicable period and are recorded as deferred revenue on the Statements of Financial Position.

- F) ***Donated Assets and Services*** – Contributions of donated non-cash assets, if any, are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period the services are provided.

No amount has been reflected in the financial statements for general donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services.

- G) ***Use of Estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- H) ***Functional Allocation of Expenses*** – The costs of providing the various programs of the Organization have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited as determined by management. Expenses that can be identified with a specific program are charged directly to the particular program.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, payroll taxes, rent, repairs and maintenance, and others which are allocated on the basis of time spent in each functional category or program.

- I) ***Compensated Absences*** – The Organization allows for the carryover of unused paid time off (PTO) for three months beyond the fiscal year before it is forfeited. At June 30, 2022 and 2021, approximately \$87,216 and \$92,319, respectively of PTO days were accrued.
- J) ***Comparative Information*** – The financial statements include certain prior year comparative information in total. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021.
- K) ***Reclassifications*** – Certain line items in the June 30, 2021, financial statements have been reclassified to conform to the June 30, 2022 presentation. Such reclassifications did not affect the net assets as previously reported.

DIASPORA COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 – LONG-TERM DEBT

In April 2020, the Organization secured a Paycheck Protection Program (“PPP”) loan from a bank for \$309,060 as part of the Corona Virus Aid, Relief, and Economic Security Act (CARES Act). The PPP loan was due in April 2022 including interest at 1.00% per annum. Pursuant to the terms of the CARES Act, the Organization may apply for the PPP loan to be forgiven by the SBA in whole or in part. The Organization was confident that the entire PPP loan would be forgiven. Therefore, the forgiveness PPP loan amount plus interest were reflected in the statement of activities as of June 30, 2021. In August 2021, the entire PPP loan amount of \$309,060 plus interest of \$4,026 were forgiven by the Small Business Administration (“SBA”).

NOTE 7 - RETIREMENT PLAN

The Organization has a tax-deferred annuity retirement plan under IRC Section 403(b) for its employees. Under this plan, employees become eligible for employer contributions after completing one year of service, with vesting of 50% per year for two years. Employer contributions are based upon Management’s discretion, subject to Internal Revenue Services’ maximum limitations. For the years ended June 30, 2022, and 2021, there were no discretionary contributions declared.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

A) The Organization is a party to two non-cancellable operating leases for administrative purposes and program activities expiring September 2021 and December 2025, respectively. Some of the leases contain renewal options, which can be exercised by the Organization. The Organization recognizes rent expense on a straight-line basis for all operating leases.

In addition, the Organization has two month-to-month leases for program activities.

The minimum rental payment commitments pursuant to the Organization’s non-cancellable operating leases are as follows:

Year-ending June 30,	Amount
2023	\$ 107,309
2024	107,309
2025	107,309
2026	53,654
Total	\$ 375,581

Total rent expense was \$247,375 and \$237,725 for the years ended June 30, 2022 and 2021, respectively.

B) The Organization is subject to audits from the various governmental agencies that support its programs. The grants are subject to adjustments for disallowed costs, if any, based upon the results of the audits by the agencies. Also, government funding is based upon complex laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Organization is not aware of any allegations of noncompliance with such laws and regulations that could have a material adverse effect on its change in net assets or financial position and believes that it is substantially in compliance with all applicable laws and regulations.

DIASPORA COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 – CONCENTRATIONS

- A) Cash that potentially subjects the Organization to a concentration of credit risk includes cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. The FDIC insures deposits up to \$250,000 per depositor per insured bank. During the fiscal years ended June 30, 2022 and 2021, the Organization had cash accounts that from time to time could have exceeded the FDIC insurance limits. Management believes that these financial institutions have strong credit ratings and that credit risk to these accounts is minimal.
- B) Currently, a substantial portion of the Organization’s support is derived from various governmental agencies, contributions from corporations, foundations and individuals. A significant reduction in the level of support, if this were to occur, may have an adverse effect on the Organization’s programs and activities.

NOTE 10 – COVID-19 PANDEMIC

In March 2020, the World Health Organization (“WHO”) declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, and self-isolation and shelter-in-place requirements have been or are being put in place.

At this point, the Organization cannot reasonably estimate the length or severity of this pandemic or the extent to which this disruption may impact the Organization’s financial statements and future results of operations. The Organization will continue to monitor and evaluate the nature and extent of the impact on our ongoing activities and the potential effect on future contributions or funding and expenses, financial condition, and liquidity.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the Organization’s cash.

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Cash	\$ 189,051	\$ 118,137
Receivables	<u>1,716,331</u>	<u>1,380,775</u>
Total	<u>\$ 1,905,382</u>	<u>\$ 1,498,912</u>

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statements of financial position through March 30, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position date through March 30, 2023 that would require disclosure in the financial statements.

**DIASPORA COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Grant Number/ Pass-Through Entity Identifying Number</u>	<u>Amounts Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Health and Human Services:				
Prevention Navigation for Racial and Ethnic Minority Youth in Brooklyn				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SP082275-02, 03	\$ 233,606	\$ -
ACYF – Family and Youth Services Bureau Discretionary Grants – Competitive Abstinence Education (CAE)				
Sexual Risk Avoidance Education in Brooklyn	93.060	90SR0107-02-00	417,154	-
Passed-through:				
New York State Department of Health AIDS Institute - Health Research, Inc. - Minority AIDS Initiative: Outreach & Education to Increase Minority Enrollment in ADAP				
HIV Care Formula Grants	93.917	5396-06, 07	143,200	-
Center for Disease Control and Prevention – New York City Department of Health and Mental Hygiene – Public Health Solutions – Enhanced Distribution of Safer Sex Products Among Communities Disproportionately Impacted by HIV in NYC				
HIV Prevention Activities Health Department Based	93.940	22-CON-829PC	188,555	-

See independent auditors' report and accompanying notes to the schedule of federal awards.

**DIASPORA COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022 (continued)**

<u>Federal Grantor Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Grant Number/ Pass-Through Entity Identifying Number</u>	<u>Amounts Federal Expenditures</u>	<u>Provided to Subrecipients</u>
Center for Disease Control and Prevention – Health Resources and Services Administration – Public Health Solutions – PlaySure Network 2.0 in Non-Health Care Settings (PNH)				
HIV Emergency Relief Project Grants	93.914	22-PNH-829, 23-PNH-829PR	51,689	-
Health Resources and Services Administration – Provider Relief Fund – Phase 4				
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	7219-01	140,057	-
New York State Department of Health - Comprehensive Adolescent Pregnancy Prevention				
Maternal and Child Health Services Block Grant	93.994	DOH01-C32111GG-3450000	22,037	-
Medical Assistance Program - Medicaid Cluster	93.778	DOH01-C32111GG-3450000	<u>248,310</u>	<u>-</u>
			<u>270,347</u>	<u>-</u>
			<u>1,444,608</u>	<u>-</u>
U.S. Department of Justice Office on Violence Against Women				
Sexual Assault Services Program				
Sexual Assault Services Culturally Specific Program	16.023	2019-KS-AX-0008	<u>125,000</u>	<u>-</u>
			<u>125,000</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,569,608</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to the schedule of federal awards.

DIASPORA COMMUNITY SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Diaspora Community Services, Inc. (“Diaspora” or the “Organization”) for the year ended June 30, 2022. Federal awards received directly from federal agencies, as well as federal awards passed through other entities, are included on the Schedule. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

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 OMB’s *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. No subrecipients were used.

NOTE 3 – NONMONETARY ASSISTANCE

For the year ended June 30, 2022, the Organization received no nonmonetary assistance.

NOTE 4 – INDIRECT COST RATES

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITORS' 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**

To the Board of Directors and Management of
Diaspora Community Services, Inc.

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 Diaspora Community Services, Inc. ("Diaspora" or the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2023.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zelin & Associates CPA, LLC
New York, New York
March 30, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors and Management of
Diaspora Community Services, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Diaspora Community Services, Inc.'s ("Diaspora" or the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Diaspora Community Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations,

forgery, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Zelin & Associates CPA, LLC
New York, New York
March 30, 2023

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**DIASPORA COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiency identified not considered to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiency identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

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

_____ Yes X No

Identification of major federal programs:

U.S. Department of Health and Human Services:

Passed-through:

New York State Department of Health -
Comprehensive Adolescent Pregnancy Prevention:
Maternal and Child Health Services Block Grant - AL #93.994
Medical Assistance Program - Medicaid Cluster - AL #93.778

New York State Department of Health AIDS Institute –
Health Research, Inc. – Minority AIDS Initiative: Outreach &
Education to Increase Minority Enrollment in ADAP:
HIV Care Formula Grants - AL #93.917

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

DIASPORA COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022 (continued)

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Section IV— Prior Year Audit Findings

There were no prior year audit findings.