



NECHAMA - JEWISH RESPONSE TO DISASTER

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

NECHAMA - JEWISH RESPONSE TO DISASTER

FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NECHAMA - Jewish Response to Disaster
Saint Paul, Minnesota

Opinion

We have audited the accompanying financial statements of NECHAMA - Jewish Response to Disaster (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NECHAMA - Jewish Response to Disaster, as of December 31, 2024, and the changes in their net assets and their 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 NECHAMA - Jewish Response to Disaster 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 NECHAMA - Jewish Response to Disaster's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

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.

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 NECHAMA - Jewish Response to Disaster'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 NECHAMA - Jewish Response to Disaster's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited NECHAMA - Jewish Response to Disaster's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

May 16, 2025

Mahoney Ulbrich
Christiansen & Russ, PA

NECHAMA - JEWISH RESPONSE TO DISASTER

STATEMENT OF FINANCIAL POSITION

December 31, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,290,399	\$ 609,621
Accounts receivable	183	-
Contributions receivable	1,400	78,787
Prepaid expenses	39,219	19,057
Total current assets	1,331,201	707,465
Property and equipment, net	7,549	17,262
Total assets	<u>\$ 1,338,750</u>	<u>\$ 724,727</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 19,361	\$ 10,270
Accrued payroll and related expenses	36,801	4,534
Total current liabilities	56,162	14,804
Net assets:		
Without donor restrictions	712,424	630,956
With donor restrictions	570,164	78,967
Total net assets	1,282,588	709,923
Total liabilities and net assets	<u>\$ 1,338,750</u>	<u>\$ 724,727</u>

See accompanying notes to financial statements.

NECHAMA - JEWISH RESPONSE TO DISASTER

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	2024			
	Net assets without donor restrictions	Net assets with donor restrictions	Total	2023
Support and revenue:				
Contributions	\$ 576,438	\$ 570,164	\$ 1,146,602	\$ 342,448
Contributions - in-kind	10,263	-	10,263	73,332
Other income	14,011	-	14,011	9,574
Interest income	698	-	698	381
Special event, net of direct donor benefits of \$53,767 in 2024 and \$63,319 in 2023	90,143	-	90,143	80,634
Loss on disposal of property and equipment	(4,857)	-	(4,857)	-
Net assets released from use and time restrictions	78,967	(78,967)	-	-
Total support and revenue	<u>765,663</u>	<u>491,197</u>	<u>1,256,860</u>	<u>506,369</u>
Expenses:				
Program services	392,723	-	392,723	378,961
Management and general	179,449	-	179,449	105,610
Fundraising	112,023	-	112,023	60,666
Total expenses	<u>684,195</u>	<u>-</u>	<u>684,195</u>	<u>545,237</u>
Change in net assets	81,468	491,197	572,665	(38,868)
Net assets, beginning of year	<u>630,956</u>	<u>78,967</u>	<u>709,923</u>	<u>748,791</u>
Net assets, end of year	<u>\$ 712,424</u>	<u>\$ 570,164</u>	<u>\$ 1,282,588</u>	<u>\$ 709,923</u>

See accompanying notes to financial statements.

NECHAMA - JEWISH RESPONSE TO DISASTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	2024					
	Program services	Management and general	Fund - raising	Cost of direct benefits to donors	Total	2023
Salaries	\$ 240,831	\$ 77,130	\$ 72,520	\$ -	\$ 390,481	\$ 232,847
Employee benefits	15,394	1,438	1,102	-	17,934	37,521
Payroll taxes	19,248	6,540	6,132	-	31,920	19,988
Total salaries and related	275,473	85,108	79,754	-	440,335	290,356
Advertising	220	814	144	-	1,178	-
Bank and credit card fees	366	7,982	1,682	-	10,030	3,380
Equipment	32,256	-	-	-	32,256	9,922
Office expenses	2,581	1,587	5,950	-	10,118	8,872
Interest expense	-	201	-	-	201	154
Professional fees	10,971	55,663	4,195	-	70,829	11,046
Accounting and legal	-	22,525	-	-	22,525	35,115
Occupancy	1,266	575	309	-	2,150	1,050
Information technology	3,451	1,122	2,362	-	6,935	5,277
Insurance	13,811	(1,476)	2,121	-	14,456	20,370
Travel and lodging	26,798	1,281	935	-	29,014	109,697
Training and conferences	3,052	25	268	-	3,345	3,465
Volunteer expense	11,273	-	224	-	11,497	-
Depreciation	3,711	686	459	-	4,856	10,398
Bad debt expense	-	-	1,500	-	1,500	10,370
Cost of direct benefits to donors	-	-	-	53,767	53,767	63,319
Miscellaneous expenses	7,494	3,356	12,120	-	22,970	25,765
	392,723	179,449	112,023	53,767	737,962	608,556
Less expenses included with revenues on the statement of activities	-	-	-	(53,767)	(53,767)	(63,319)
Total expenses included in the expense section on the statement of activities	\$ 392,723	\$ 179,449	\$ 112,023	\$ -	\$ 684,195	\$ 545,237

See accompanying notes to financial statements.

NECHAMA - JEWISH RESPONSE TO DISASTER

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 572,665	\$ (38,868)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	4,856	10,398
Bad debt expense	1,500	10,370
Loss on disposal of property and equipment	4,857	-
Changes in operating assets and liabilities:		
Accounts receivable	(183)	-
Contributions receivable	75,887	(17,440)
Prepaid expenses	(20,162)	15,202
Accounts payable	9,091	(22,268)
Accrued payroll and related expenses	32,267	(11,901)
Net cash from operating activities	<u>680,778</u>	<u>(54,507)</u>
Net increase (decrease) in cash and cash equivalents	680,778	(54,507)
Cash and cash equivalents, beginning of year	<u>609,621</u>	<u>664,128</u>
Cash and cash equivalents, end of year	<u>\$ 1,290,399</u>	<u>\$ 609,621</u>

See accompanying notes to financial statements.

NECHAMA - JEWISH RESPONSE TO DISASTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

1. ORGANIZATION

The NECHAMA - Jewish Response to Disaster (NECHAMA) is a nonprofit corporation located in Saint Paul, Minnesota. NECHAMA is a volunteer organization providing natural disaster response, rebuild, and preparedness training services nationwide. Guided by the Jewish values of Tikkun Olam, repairing the world, performing good acts, and helping the stranger, NECHAMA offers a helping hand in the spirit of goodwill and creating mutual respect and understanding among people. Headquartered in Saint Paul, Minnesota, NECHAMA's work is comprised of three areas:

Disaster response - Following floods, hurricane, and wind events, NECHAMA provides a variety of services including mucking out homes; removing debris, damaged goods, and sediment; gutting homes down to the studs to prepare them for a rebuild; and deploying skilled chainsaw teams to remove downed trees and other dislodged debris.

Disaster recovery - In the wake of disasters, NECHAMA will, on occasion, provide rebuild assistance to affected families. This includes services such as installing drywall, insulation, and other minor repairs.

Disaster preparedness - In an effort to help affected-communities and national and local partners, NECHAMA offers preparedness trainings aimed at improving the disaster response skills of local volunteers and staff.

NECHAMA is primarily supported by contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - Revenues and support are classified based on the presence or absence of donor restrictions and are reported in the following net asset categories:

- Net assets without donor restrictions represent the portion of net assets that are not subject to donor-imposed restrictions.

(Continued)

NECHAMA - JEWISH RESPONSE TO DISASTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Net assets with donor restrictions arise from contributions that are restricted by donors for specific purposes or time periods. Some donor restrictions are temporary in nature and others are perpetual.

Cash Equivalents - For purposes of preparing the statement of cash flows, investments with an original maturity of three months or less are considered cash equivalents.

Property and Equipment - Property and equipment is carried at cost. Donated equipment is capitalized at the estimated fair market value at the date of receipt. Additions with a cost of less than \$2,500 are expensed. Depreciation is computed over estimated useful lives using the straight-line method. The cost of maintenance and repairs is charged to expense as incurred; significant renewals or betterments are capitalized. Absent explicit donor restrictions regarding how long contributed assets must be used, NECHAMA reports expiration of donor restrictions when the donated or acquired assets are placed in service.

Contributions - NECHAMA recognizes contributions when cash, securities or other assets or an unconditional promise to give are received. 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. Contributions are recorded when received as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Upon expiration of the time restriction or when purpose restrictions have been met, they are reclassified to net assets without donor restrictions.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. As of December 31, 2024 and 2023, management has estimated that all of the contributions receivable are collectable. Accordingly, no allowance has been provided.

(Continued)

NECHAMA - JEWISH RESPONSE TO DISASTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Services - Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a non-financial asset or the service requires specialized skills that would need to be purchased if not provided by donation. NECHAMA relies on donated services from many volunteers for its disaster response and recovery activities. No amounts have been recognized for these services because they do not meet the criteria described above. No contributed services were recorded in 2024 and 2023.

Contributed Materials - Contributed materials are recorded as contributions, when received, at fair value. Donated items are recorded as contributions at their estimated fair value, determined based on the costs of similar flights and hotel rates for the same area for discounted commercial flights and lodging. The fair value of event expenses and supplies are determined by management referencing local market inputs and the type of goods donated, when received. During 2024, NECHAMA received \$10,000 in Lowe's gift cards and \$263 of miscellaneous supplies, which have been recorded as an in-kind contribution. During 2023, NECHAMA received \$61,418 of discounts on commercial airline tickets to disaster areas and lodging in disaster areas, \$6,829 of travel and lodging for the board retreat, \$1,855 of event expenses and \$3,230 of miscellaneous supplies, which have been recorded as in-kind contributions. NECHAMA utilizes donated goods and services in its programs and operations or according to any donor restrictions.

Functional Expenses - The costs of providing programs and the NECHAMA's supporting services have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Salaries and related, occupancy, insurance and depreciation were allocated based on an analysis of personnel time.

Income Taxes - NECHAMA is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to any extent it has taxable income that is not related to its tax exempt purpose. Management believes NECHAMA did not have any unrelated business income in 2024 and 2023. Management believes NECHAMA has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

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NECHAMA - JEWISH RESPONSE TO DISASTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Total Column - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functionalized expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with NECHAMA's financial statements for the year ended December 31, 2023, from which the information was derived.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

NECHAMA's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2024	2023
Cash	\$ 1,290,399	\$ 609,621
Accounts receivable	183	-
Contributions receivable	1,400	78,787
	1,291,982	688,408
Less: cash - donor restricted	(568,764)	-
	<u>\$ 723,218</u>	<u>\$ 688,408</u>

As part of NECHAMA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NECHAMA's goal is generally to maintain financial assets to meet 3 months of operating expenses.

NECHAMA adopts an annual budget and anticipates collecting sufficient revenue to fund general expenditures. Budget to actual results are monitored each month.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$1,400 are due in 2025.

(Continued)

NECHAMA - JEWISH RESPONSE TO DISASTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023	Estimated useful life in years
Equipment	\$ 20,798	\$ 20,798	3 - 5
Website development	17,551	17,551	5
Vehicles	46,514	58,712	5 - 7
Accumulated depreciation	(77,314)	(79,799)	
	<u>\$ 7,549</u>	<u>\$ 17,262</u>	

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following:

	2024	2023
Time restrictions	\$ 1,400	\$ 78,787
Assessments	1,632	180
Chainsaw training seminars	5,000	-
Hurricane Helene	548,027	-
Antisemitism	1,000	-
SE US Hurricanes	605	-
General Hurricane relief	12,500	-
	<u>\$ 570,164</u>	<u>\$ 78,967</u>

Net assets released from restrictions consisted of the following:

	2024	2023
Assessments	\$ 180	\$ -
Time restrictions	78,787	71,717
	<u>\$ 78,967</u>	<u>\$ 71,717</u>

(Continued)

NECHAMA - JEWISH RESPONSE TO DISASTER

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

7. CONTINGENCIES, COMMITMENTS, AND CONCENTRATIONS

NECHAMA maintains cash in a bank, which at times, may exceed the federally insured limits. NECHAMA has not experienced any losses on this account. Management believes NECHAMA is not exposed to any significant credit risk on such account. As of December 31, 2024 and 2023, cash balances exceeded the federally insured limit by \$997,453 and \$359,148.

The primary sources of support and revenue include contributions. Many of the contributions are one year in duration. NECHAMA is dependent upon future contributions funding.

NECHAMA has a contract for storage beginning in October 2020 and continues on a month-to-month basis until 30 day written notice is provided. Monthly payments of \$378 are required under the contract. Total expense under the contract was \$4,535 in 2024 and 2023.

8. SUBSEQUENT EVENTS

During 2025, NECHAMA has received approximately \$306,000 in contributions from donors to provide disaster response and recovery to those effected by Hurricane Helene.

Management has evaluated subsequent events through May 16, 2025, the date on which the financial statements were available for issue and identified no further significant events or transactions to disclose.