

**THE CHILD CENTER OF NY, INC.**  
**FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2015 AND 2014**  
**TOGETHER WITH AUDITOR'S REPORT**

**THE CHILD CENTER OF NY, INC.**  
**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**  
**AS OF JUNE 30, 2015 AND 2014**

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**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The Child Center of NY, Inc.:

We have audited the accompanying financial statements of The Child Center of NY, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# NawrockiSmith

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Child Center of NY, Inc. as of June 30, 2015, 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.

## ***Report on Summarized Comparative Information***

We have previously audited The Child Center of NY, Inc.'s 2014 financial statements, and our report dated November 21, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Report on Supplementary Schedules***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of program services expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of The Child Center of NY, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Child Center of NY, Inc.'s internal control over financial reporting and compliance.

Melville, New York  
January 11, 2016

*Nawrocki Smith LLP*

**THE CHILD CENTER OF NY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 739,276	\$ 1,384,349
Patient accounts receivable, net	1,428,841	2,473,278
Contracts and grants receivable, net	6,057,939	3,440,076
Contributions receivable	1,773,617	-
Other accounts receivable	134,826	16,523
Prepaid expenses	110,874	122,566
Restricted cash	589,557	589,557
Total current assets	10,834,930	8,026,349
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization of \$3,145,500 and \$2,955,665, respectively	362,973	525,024
SECURITY DEPOSITS	146,734	146,139
Total assets	\$ 11,344,637	\$ 8,697,512
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Line of credit	\$ 650,000	\$ -
Accounts payable and accrued expenses	2,477,612	1,665,622
Accrued compensation and benefits	88,412	917,741
Due to governmental agencies	2,672,945	2,297,234
Total current liabilities	5,888,969	4,880,597
DUE TO GOVERNMENTAL AGENCIES - NONCURRENT	3,554,885	3,809,560
Total liabilities	9,443,854	8,690,157
<b>NET ASSETS:</b>		
Unrestricted -		
Board designated	48,271	-
Undesignated	-	(71,540)
Total unrestricted	48,271	(71,540)
Temporarily restricted	1,852,512	78,895
Total net assets	1,900,783	7,355
Total liabilities and net assets	\$ 11,344,637	\$ 8,697,512

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

**THE CHILD CENTER OF NY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(With Summarized Totals For 2014)**

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
REVENUES:				
Contract and grant services	\$ 27,794,559	\$ -	\$ 27,794,559	\$ 22,837,924
Patient services, net	8,780,932	-	8,780,932	9,781,787
Contributions	475,149	3,055,975	3,531,124	1,113,184
Fundraising, net of direct expenses of \$251,788 and \$266,721, respectively	889,300	-	889,300	1,039,803
In-kind contributions	1,137,433	-	1,137,433	739,794
Other	211,664	-	211,664	7,117
Net assets released from restrictions	1,282,358	(1,282,358)	-	-
Total revenues	<u>40,571,395</u>	<u>1,773,617</u>	<u>42,345,012</u>	<u>35,519,609</u>
EXPENSES:				
Program services	36,794,038	-	36,794,038	32,544,309
Supporting services	3,657,546	-	3,657,546	3,560,954
Total expenses	<u>40,451,584</u>	<u>-</u>	<u>40,451,584</u>	<u>36,105,263</u>
Change in net assets	119,811	1,773,617	1,893,428	(585,654)
NET ASSETS, BEGINNING OF YEAR	<u>(71,540)</u>	<u>78,895</u>	<u>7,355</u>	<u>593,009</u>
NET ASSETS, END OF YEAR	<u>\$ 48,271</u>	<u>\$ 1,852,512</u>	<u>\$ 1,900,783</u>	<u>\$ 7,355</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**THE CHILD CENTER OF NY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**(With Summarized Totals For 2014)**

	Supporting Services			Totals	
	Program Services	Administration & General	Fundraising & Development	2015	2014
Salaries and wages	\$ 21,998,070	\$ 1,745,618	\$ 268,502	\$ 24,012,190	\$ 21,535,354
Payroll taxes and fringe benefits	6,831,748	317,661	64,409	7,213,818	6,986,977
Rent and utilities	1,945,683	74,490	-	2,020,173	1,917,496
Program related	1,273,695	3,597	564	1,277,856	737,104
Consumable supplies	983,202	78,964	800	1,062,966	683,839
Consultants	483,003	110,928	48,119	642,050	440,641
Equipment related	498,521	118,374	-	616,895	498,213
Repairs and maintenance	432,282	100,838	1,689	534,809	353,424
Other contracted services	337,188	83,908	1,334	422,430	312,652
Telephone	250,597	41,539	-	292,136	282,514
Insurance	131,885	33,936	-	165,821	134,005
Professional fees	40,851	109,632	-	150,483	121,554
Travel and conferences	121,133	11,937	4,572	137,642	317,558
Interest	-	116,852	-	116,852	100,341
Cleaning	102,843	10,446	150	113,439	121,114
Staff training	71,692	37,856	270	109,818	282,740
Community relations	-	36,801	13,220	50,021	195,612
Dues and subscriptions	4,058	40,566	993	45,617	44,287
Charges and fees	4,168	25,286	12,915	42,369	25,369
Other	18,700	18,663	2,949	40,312	9,756
Postage	11,751	6,483	1,854	20,088	18,198
Printing	16,906	1,617	889	19,412	9,994
Recruitment	10,815	2,853	3,451	17,119	14,862
Subtotal	35,568,791	3,128,845	426,680	39,124,316	35,143,604
In-kind expenses	1,093,963	43,470	-	1,137,433	739,794
Subtotal	36,662,754	3,172,315	426,680	40,261,749	35,883,398
Depreciation and amortization	131,284	58,551	-	189,835	221,865
Total expenses	<u>\$ 36,794,038</u>	<u>\$ 3,230,866</u>	<u>\$ 426,680</u>	<u>\$ 40,451,584</u>	<u>\$ 36,105,263</u>

The accompanying notes to financial statements  
are an integral part of this statement.

**THE CHILD CENTER OF NY, INC.**  
**STATEMENTS OF CASH FLOWS (INDIRECT METHOD)**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,893,428	\$ (585,654)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	189,835	221,865
Decrease in patient accounts receivable, net	1,044,437	385,550
Increase in contracts and grants receivable	(2,617,863)	(258,637)
Increase in contributions receivable	(1,773,617)	-
(Increase) decrease in other accounts receivable	(118,303)	382,977
(Increase) decrease in prepaid expenses	11,692	(12,842)
Increase in security deposits	(595)	-
Increase (decrease) in accounts payable and accrued expenses	811,990	(517,931)
Increase (decrease) in accrued compensation and benefits	(829,329)	15,669
Increase in due to governmental agencies	121,036	718,418
	<u>(1,267,289)</u>	<u>349,415</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(27,784)	-
Retirement of property and equipment	-	1,308
	<u>(27,784)</u>	<u>1,308</u>
Net cash provided (used) by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	650,000	-
	<u>650,000</u>	<u>-</u>
Net cash provided by financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(645,073)	350,723
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,384,349</u>	<u>1,033,626</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 739,276</u>	<u>\$ 1,384,349</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 15,808</u>	<u>\$ 342</u>

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



**THE CHILD CENTER OF NY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of activities and current operations**

The Child Center of NY, Inc. (the "Organization") is a nonprofit children's agency whose mission is to help at risk children and youth succeed in life by providing family intervention, youth development, early childhood services, counseling and home visiting services that help keep families healthy and intact. The Organization offers preventative therapy and crisis intervention to families coping with child abuse, broken home life, underachievement in school, parental drug addiction and other emotional and educational problems that destabilize families. All of the Organization's efforts are community-based and geared toward helping urban children and families empower themselves.

The Organization receives substantial support from the New York State Office of Mental Health ("NYS OMH"), the New York City Administration for Children's Services ("NYC ACS"), the New York City Department of Youth and Community Development ("NYC DYCD") and the New York City Department of Health and Mental Hygiene ("NYC DMH"). Funding agencies also include the Department of Health and Human Services - Administration for Children and Families ("DHHS ACF"), the New York City Department of Education ("NYC DOE"), the New York State Department of Health ("NYS DOH") and the New York State Office of Children and Family Services ("NYS OCFS"). The Organization is obligated under the terms of the contracts to comply with specified conditions and program requirements set forth by the respective grantor.

**2. Summary of significant accounting policies:**

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization which are reflected under the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Organization:

**Financial statement presentation -**

The Organization's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets, depending on the existence and/or nature of any donor restrictions. The Organization's net assets consist of the following:

Unrestricted - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

Temporarily restricted - net assets of the Organization which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

All donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

As of June 30, 2015 and 2014, the Organization did not possess any permanently restricted net assets.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended June 30, 2015 and 2014.

### **Cash and cash equivalents -**

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

### **Restricted cash -**

Donations related to the Auffarth Fund, which are unrestricted in nature, are maintained in a separate bank account and are reflected as restricted cash in the accompanying financial statements.

### **Property and equipment -**

Property and equipment are recorded at cost. Depreciation and amortization of furniture and equipment are recorded on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is less.

### **Impairment of long-lived assets and long-lived assets to be disposed of -**

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The provisions of this standard did not have a material impact on the Organization's financial position, results of activities or liquidity during the years ended June 30, 2015 and 2014.

### **Conditional asset retirement obligations -**

The Organization follows the provisions of the FASB ASC on asset retirement and environmental obligations. Such principles require entities to recognize a liability for the fair value of a legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of June 30, 2015 and 2014, the Organization does not have sufficient information to reasonably estimate the fair value of any asset retirement obligations.

### **Revenue and expense recognition -**

Revenue from government contracts and grants designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Contracts and grant awards for the acquisition of long-lived assets are reported as unrestricted nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired.

Patient services revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Self-pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self-pay revenue. All other patient services revenue is recorded at published charges, with contractual allowances deducted to arrive at patient services revenue, net.

Contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned and expenses are recognized when incurred. Contract advances arise from payments received under agreements for service prior to revenue recognition.

**In-kind revenue and expenses -**

In-kind revenue and expenses primarily relate to pro bono services performed by various professionals in the course of carrying out the functions and activities of federally funded programs such as Early Head Start and Early Learn programs for the Organization. For the years ended June 30, 2015 and 2014, revenues and expenses reflect \$1,137,434 and \$739,794, respectively.

**Donated goods and services -**

A number of volunteers, including Board members, have donated significant amounts of their time in the Organization's program services, administration and fundraising campaigns. Similarly, tangible materials, such as books and toys are also donated to the Organization. However, since these goods and services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America, they are not reflected in the accompanying financial statements.

**Statement of functional expenses -**

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenses are identified with specific programs or supporting services, or allocated according to their natural expense allocation.

**Income taxes -**

The Organization was incorporated as a not-for-profit corporation under the laws of the State of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, there is no provision for income taxes.

**Uncertainty in income taxes -**

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2012 and subsequent remain subject to examination by the applicable taxing authorities.

**The use of estimates in the preparation of financial statements -**

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

**Prior year summarized comparative information -**

The Statement of Activities and Changes in Net Assets and the Statement of Functional Expenses include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**3. Fair value measurements**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

The following methods and assumptions were used by the Organization in addressing the fair value of financial instruments:

**Cash and cash equivalents -**

The carrying amounts reported on the Statements of Financial Position for cash and cash equivalents approximate those assets' fair values.

**4. Patient accounts receivable, net**

Patient accounts receivable, net as of June 30, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Medicaid, net of provisions	\$ 888,597	\$ 2,413,278
Other third-party payors and self-pay	640,927	160,683
	<u>1,529,524</u>	<u>2,573,961</u>
Less: allowance for doubtful accounts	100,683	100,683
	<u>\$ 1,428,841</u>	<u>\$ 2,473,278</u>

**5. Contracts and grants receivable, net**

Contracts and grants receivable as of June 30, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
New York City Department of Youth and Community Development	\$ 2,662,896	\$ 1,313,629
New York City Administration for Children's Services	1,493,421	1,307,562
New York City Department of Health and Mental Hygiene	681,182	-
New York State Office of Children and Family Services	301,379	162,193
New York State Department of Health	289,377	172,791
New York City TASC	249,970	-
New York City Department of Education	270,804	197,478
U.S. Department of Health and Human Services	-	109,040
Other grants	213,910	220,986
Unbilled receivables	-	61,397
	<u>6,162,939</u>	<u>3,545,076</u>
Less: allowance for doubtful accounts	105,000	105,000
	<u>\$ 6,057,939</u>	<u>\$ 3,440,076</u>

6. **Property and equipment**

Property and equipment as of June 30, 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 1,321,512	\$ 1,306,779
Leasehold improvements	<u>2,186,961</u>	<u>2,173,910</u>
	3,508,473	3,480,689
Less: accumulated depreciation and amortization	<u>3,145,500</u>	<u>2,955,665</u>
	<u><u>\$ 362,973</u></u>	<u><u>\$ 525,024</u></u>

7. **Line of credit**

The Organization has a \$900,000 line of credit with a financial institution through June 2016. Borrowings under this arrangement bear interest at the bank's prime rate (3.25% as of June 30, 2015) and are unsecured. As of June 30, 2015, the Organization had borrowings outstanding of \$650,000.

8. **Board designated net assets**

On September 19, 2014, the Organization received a challenge grant whereby the challenge donor would match up to \$1.5 million of contributions. The Board of Directors of the Organization has determined that all contributions received shall be designated to a special fund for providing critical services to children and families for decades to come. During the year ended June 30, 2015, \$1,555,975 of donations were pledged, which were matched by \$1.5 million under the challenge grant. The contributions collected and Board designated during the year ended June 30, 2015, totaled \$1,282,358. However, since the unrestricted net assets balance as of June 30, 2015 was \$48,271, the Board designation is limited to this balance. At such time as unrestricted net assets increase, the Board designation will reflect the full amount of the challenge grant proceeds.

9. **Temporarily restricted net assets**

Temporarily restricted net assets are available for or relate to the following purposes:

	<u>2015</u>	<u>2014</u>
Carson Challenge Grant	\$ 1,773,617	\$ -
Capital Campaign - Corona clinic	<u>78,895</u>	<u>78,895</u>
	<u><u>\$ 1,852,512</u></u>	<u><u>\$ 78,895</u></u>

As of June 30, 2015, contributions receivable from the challenge grant totaled \$1,773,617 (including \$959,592 from donors and \$814,025 from the challenge donor). Such contributions have not been discounted as they are expected to be collected during the upcoming year, and the effect would not be material to the financial statements.

**10. Patient services revenue, net and due to governmental agencies**

Patient services revenue, net for the years ended June 30, 2015 and 2014 is comprised of the following:

	<u>2015</u>	<u>2014</u>
Medicaid	\$ 4,288,405	\$ 7,799,584
Other third-party payors and self-pay	<u>4,492,527</u>	<u>1,982,203</u>
	<u>\$ 8,780,932</u>	<u>\$ 9,781,787</u>

Patient services revenue, net is accounted for at established billing rates multiplied by the number of visits rendered. Such reimbursement rates are subject to change and retroactive adjustment on the basis of review by the governmental agencies responsible for such funding. Provisions for settlements are accrued on an estimated basis in the period in which the related services are rendered, and are included in due to governmental agencies. The current liability is determined by the governmental agencies on an annual basis. Final determination of reimbursement rates is subject to audit and review by governmental payors and any overpayments are reflected as amounts due to governmental agencies.

**11. Contract and grant services revenue**

Contract and grant services revenue for the years ended June 30, 2015 and 2014 is comprised of the following:

	<u>2015</u>	<u>2014</u>
New York City Administration for Children's Services	\$ 11,817,839	\$ 10,957,924
New York City Department of Youth and Community Development	8,917,815	5,800,038
New York City Department of Health and Mental Hygiene	2,379,752	1,960,178
New York City Department of Education	1,436,869	1,428,866
U.S. Department of Health and Human Services	955,118	894,664
New York State Department of Health	708,818	772,301
New York State Office of Children and Family Services	583,692	379,794
New York State Education Department	290,932	-
Fees - Enrolled students	50,253	85,862
New York State Office of Mental Health	42,500	10,000
Other grants	<u>610,971</u>	<u>548,297</u>
	<u>\$ 27,794,559</u>	<u>\$ 22,837,924</u>

**12. Pension plan**

The Organization has a defined contribution money purchase pension plan covering substantially all nonunion employees meeting certain eligibility requirements. Contributions to the plan are based on a fixed percentage of salaries. Pension expense amounted to \$646,982 and \$607,081 for the years ended June 30, 2015 and 2014, respectively.

For union employees, pension contributions are paid directly to the union and any amount unpaid at June 30 is accrued. Pension expense amounted to \$787,369 and \$828,321 for the years ended June 30, 2015 and 2014, respectively.

**13. Concentrations of credit risk**

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

**14. Commitments and contingencies:**

**Future minimum lease commitments -**

The Organization leases 10 facilities with leases expiring through 2026. Several of the leases contain escalations for real estate taxes. Rent expense for the years ended June 30, 2015 and 2014 amounted to \$1,875,370 and \$1,774,626, respectively. All facilities are operated under noncancelable operating leases requiring future minimum payments as follows:

<u>Year Ending June 30:</u>	
2016	\$ 1,162,143
2017	605,337
2018	286,703
2019	293,831
2020	301,105
2021-2025	<u>1,127,178</u>
	<u>\$ 3,776,297</u>

**Audits of reimbursement arrangements -**

The Organization has contracted with various funding agencies to perform certain counseling services and receives Medicaid revenue from the state and federal governments. Reimbursements received under these contracts and payments from Medicaid are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amounts in question.

**Medicaid claims -**

As of June 30, 2015, patient accounts receivable, net includes \$350,000 in Medicaid claims that have been denied by New York State, because of technical issues with Providers not being properly linked to the claims. All of these underlying claims are for valid services that were provided to clients in the Organization's behavioral health clinics. Accordingly, no provision for any uncollectability that may result has been made in the financial statements. The Organization is currently working with New York State to determine the extent to which these claims are collectible, however, the ultimate amount to be recovered cannot be determined at this time.

**Litigation -**

In the normal course of business, the Organization is a party to various claims and/or litigation. Management believes that the settlement of all such claims and/or litigation, considered in the aggregate, will not have a material adverse effect on the Organization's financial position and results of operations.

**15. Subsequent events**

The Organization has evaluated subsequent events through January 11, 2016, which is the date these financial statements were available to be issued, noting no matters requiring further financial statement disclosure.



**THE CHILD CENTER OF NY, INC.**  
**SUPPLEMENTARY SCHEDULE OF PROGRAM SERVICES EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	NYC ACS	NYC DOE	NYC DMH	NYC DYCD	NYC TASC	NYS OMH	NYS DOH	FEDERAL GRANTS	Other	Administrative	Total
Salaries and wages	\$ 7,110,909	\$ 888,397	\$ 1,900,272	\$ 5,246,754	\$ 396,814	\$ 4,840,156	\$ 343,207	\$ 729,872	\$ 541,689	\$ -	\$ 21,998,070
Payroll taxes and fringe benefits	2,672,391	264,907	760,031	854,420	53,919	1,744,808	78,528	191,611	211,133	-	6,831,748
Rent and utilities	777,012	-	271,409	-	-	773,597	-	105,660	18,005	-	1,945,683
Program related	65,433	59,855	90,922	704,072	15,728	37,786	199,399	79,764	20,736	-	1,273,695
Consumable supplies	108,639	52,795	49,920	541,081	37,928	39,913	34,457	36,719	81,750	-	983,202
Equipment related	126,595	19,775	98,819	154,338	15,107	64,751	7,476	6,981	4,679	-	498,521
Consultants	142,081	350	64,600	147,657	-	116,175	4,425	5,215	2,500	-	483,003
Repairs and maintenance	107,840	16,846	84,179	131,473	12,868	55,159	6,369	5,946	11,602	-	432,282
Other contracted services	49,089	7,200	37,271	47,064	1,500	190,565	2,500	499	1,500	-	337,188
Telephone	68,157	1,079	45,106	45,569	989	74,549	5,279	8,454	1,415	-	250,597
Insurance	40,848	5,226	10,354	31,110	2,345	32,681	1,868	5,447	2,006	-	131,885
Travel and conferences	33,360	1,087	27,545	24,927	1,616	19,533	8,058	3,896	1,111	-	121,133
Cleaning	31,941	-	19,794	-	-	51,108	-	-	-	-	102,843
Staff training	17,413	55	18,091	13,694	4,965	5,647	1,288	10,155	384	-	71,692
Professional fees	26,754	-	6,302	-	-	7,795	-	-	-	-	40,851
Other	4,955	851	2,578	8,339	699	271	451	556	-	-	18,700
Printing	1,985	964	912	9,884	693	729	629	671	439	-	16,906
Postage	3,207	163	2,696	2,168	116	2,459	688	35	219	-	11,751
Recruitment	2,632	105	539	3,686	-	2,775	160	240	678	-	10,815
Charges and fees	-	-	240	160	-	3,768	-	-	-	-	4,168
Dues and subscriptions	1,600	92	375	909	53	300	-	729	-	-	4,058
<b>Subtotal</b>	<b>11,392,841</b>	<b>1,319,747</b>	<b>3,491,955</b>	<b>7,967,305</b>	<b>545,340</b>	<b>8,064,525</b>	<b>694,782</b>	<b>1,192,450</b>	<b>899,846</b>	<b>-</b>	<b>35,568,791</b>
Administrative overhead	990,908	135,380	339,163	776,660	54,626	764,560	38,932	73,038	14,129	(3,187,396)	-
Inkind OTPS	893,303	-	-	-	-	-	-	200,660	-	-	1,093,963
Inkind overhead	5,227	-	-	-	-	-	-	38,243	-	(43,470)	-
<b>Subtotal</b>	<b>13,282,279</b>	<b>1,455,127</b>	<b>3,831,118</b>	<b>8,743,965</b>	<b>599,966</b>	<b>8,829,085</b>	<b>733,714</b>	<b>1,504,391</b>	<b>913,975</b>	<b>(3,230,866)</b>	<b>36,662,754</b>
Depreciation and amortization	-	-	-	-	-	122,367	-	8,917	-	-	131,284
<b>Total expenses</b>	<b>\$ 13,282,279</b>	<b>\$ 1,455,127</b>	<b>\$ 3,831,118</b>	<b>\$ 8,743,965</b>	<b>\$ 599,966</b>	<b>\$ 8,951,452</b>	<b>\$ 733,714</b>	<b>\$ 1,513,308</b>	<b>\$ 913,975</b>	<b>\$ (3,230,866)</b>	<b>\$ 36,794,038</b>

The accompanying notes to financial statements  
should be read in conjunction with this schedule.