

The Child Center of NY, Inc.

Financial Statements

June 30, 2020

Independent Auditors' Report

Board of Directors **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, 2020, and the related statements of activities, 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Child Center of NY, Inc. as of June 30, 2020, 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 Organization's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

December 3, 2020

The Child Center of NY, Inc.

Statement of Financial Position
June 30, 2020
(with comparative amounts at June 30, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 3,262,720	\$ 2,132,335
Restricted cash	589,557	589,557
Patient services receivable	982,271	996,382
Contracts and grants receivable, net	7,785,399	7,223,799
Contributions receivable	553,650	189,250
Prepaid expenses	346,198	223,819
Security deposits	175,189	368,155
Property and equipment, net	1,044,722	597,861
	\$ 14,739,706	\$ 12,321,158
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 6,280,895	\$ 5,049,473
Deferred rent	343,192	326,867
Due to government agencies	2,161,137	2,803,033
Line of credit	1,000,000	-
Total Liabilities	9,785,224	8,179,373
Net Assets		
Without Donor Restrictions		
Board designated	589,557	589,557
Operating	3,523,096	3,552,228
Total Without Donor Restrictions	4,112,653	4,141,785
With donor restrictions	841,829	-
Total Net Assets	4,954,482	4,141,785
	\$ 14,739,706	\$ 12,321,158

See notes to financial statements

The Child Center of NY, Inc.

Statement of Activities
Year Ended June 30, 2020
(with summarized totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE AND SUPPORT				
Contracts and grants revenue	\$ 43,311,941	\$ -	\$ 43,311,941	\$ 40,224,862
Patient services revenue, net	14,809,229	-	14,809,229	13,728,282
Contributions	1,529,201	1,000,000	2,529,201	489,127
Fundraising, net of direct expenses of \$43,548 and \$244,757	74,460	-	74,460	976,457
In-kind contributions	667,226	-	667,226	703,236
Other income	257,339	-	257,339	73,367
Net assets released from restrictions	<u>158,171</u>	<u>(158,171)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>60,807,567</u>	<u>841,829</u>	<u>61,649,396</u>	<u>56,195,331</u>
EXPENSES				
Program services	52,441,109	-	52,441,109	48,511,901
Supporting Services				
Management and general	7,738,866	-	7,738,866	7,135,994
Fundraising	<u>656,724</u>	<u>-</u>	<u>656,724</u>	<u>314,187</u>
Total Expenses	<u>60,836,699</u>	<u>-</u>	<u>60,836,699</u>	<u>55,962,082</u>
Change in Net Assets	(29,132)	841,829	812,697	233,249
NET ASSETS				
Beginning of year	<u>4,141,785</u>	<u>-</u>	<u>4,141,785</u>	<u>3,908,536</u>
End of year	<u>\$ 4,112,653</u>	<u>\$ 841,829</u>	<u>\$ 4,954,482</u>	<u>\$ 4,141,785</u>

See notes to financial statements

The Child Center of NY, Inc.

Statement of Functional Expenses
 Year Ended June 30, 2020
 (with summarized totals for the year ended June 30, 2019)

	Program Services					Total Program Services	Supporting Services		2020 Total	2019 Total
	Youth Development	Preventive Services	Behavioral Health	Early Childhood	Health Homes and Integrated Care		Management and General	Fundraising		
Salaries and wages	\$ 12,053,563	\$ 8,440,981	\$ 8,071,970	\$ 3,763,430	\$ 1,957,624	\$ 34,287,568	\$ 4,093,261	\$ 162,736	\$ 38,543,565	\$ 35,251,023
Payroll taxes and employee benefits	2,379,139	3,383,856	3,107,753	1,029,773	611,419	10,511,940	868,357	37,807	11,418,104	10,399,003
Rent and utilities	35,448	369,748	1,029,904	357,109	148,287	1,940,496	799,078	55,782	2,795,356	2,651,267
Program related	829,926	19,069	308,758	213,750	75,150	1,446,653	57,490	61,328	1,565,471	1,358,146
Equipment related	434,995	30,590	150,844	141,721	32,234	790,384	108,588	2,037	901,009	811,700
Consumable supplies	617,448	16,675	48,061	148,018	7,497	837,699	25,412	8,530	871,641	838,231
Consultants	157,877	27,366	40,550	118,444	5,975	350,212	330,436	27,350	707,998	813,225
Repairs and maintenance	110,179	32,744	95,822	132,376	11,223	382,344	309,547	7,434	699,325	673,457
Other contracted services	5,865	9,772	91,770	4,838	59,977	172,222	317,979	15,352	505,553	607,903
Telephone and internet	86,880	71,310	100,970	63,120	29,040	351,320	85,574	4,092	440,986	366,855
Insurance	106,216	57,674	45,489	29,880	14,019	253,278	16,559	440	270,277	211,605
Staff training	60,011	44,071	10,056	64,011	-	178,149	72,857	-	251,006	294,381
Professional fees	-	3,568	20,735	-	6,659	30,962	219,422	-	250,384	218,166
Travel and conferences	21,791	61,801	11,561	10,431	14,814	120,398	15,235	481	136,114	197,419
Dues and subscriptions	1,413	-	150	26,881	6,500	34,944	66,347	158	101,449	87,558
Recruitment	414	-	14,528	341	930	16,213	39,391	-	55,604	83,848
Interest	-	-	-	-	-	-	28,311	-	28,311	32,925
Community relations	-	-	1,200	-	-	1,200	9,666	13,722	24,588	2,447
Charges and fees	1,079	-	1,185	-	90	2,354	6,196	5,205	13,755	46,976
Postage	2,537	1,717	711	258	1,128	6,351	6,427	254	13,032	15,692
In-kind expenses	-	-	-	667,226	-	667,226	-	-	667,226	703,236
Other	23,108	1,610	3,429	3,957	8,714	40,818	85,911	297,564	424,293	396,586
Depreciation and amortization	-	-	18,378	-	-	18,378	176,822	-	195,200	145,190
Total Functional Expenses	16,927,889	12,572,552	13,173,824	6,775,564	2,991,280	52,441,109	7,738,866	700,272	60,880,247	56,206,839
Less: cost of direct expenses of fundraising events	-	-	-	-	-	-	-	(43,548)	(43,548)	(244,757)
Total Expenses Reported by Function on Statement of Activities	\$ 16,927,889	\$ 12,572,552	\$ 13,173,824	\$ 6,775,564	\$ 2,991,280	\$ 52,441,109	\$ 7,738,866	\$ 656,724	\$ 60,836,699	\$ 55,962,082

See notes to financial statements

The Child Center of NY, Inc.

Statement of Cash Flows
Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 812,697	\$ 233,249
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	195,200	145,190
Deferred rent	16,325	60,770
Loss on disposal of property and equipment	21,160	108,500
Changes in operating assets and liabilities		
Patient services receivable	14,111	(71,067)
Contracts and grants receivable	(561,600)	37,995
Contributions receivable	(364,400)	179,150
Prepaid expenses	(122,379)	(43,007)
Security deposits	192,966	(48,047)
Accounts payable and accrued expenses	1,231,422	1,481,653
Due to government agencies	(641,896)	(976,393)
Net Cash from Operating Activities	793,606	1,107,993
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(663,221)	(211,924)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	1,000,000	-
Net Change in Cash, Cash Equivalents and Restricted Cash	1,130,385	896,069
 CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	2,721,892	1,825,823
End of year	\$ 3,852,277	\$ 2,721,892
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 28,311	\$ 32,925

See notes to financial statements

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

1. Organization and Tax Status

The Child Center of NY, Inc. (the "Organization") is a not-for-profit organization whose mission is to strengthen children and families with skills, opportunities and emotional support to build healthy, successful lives. Founded in 1953 as a children's counseling center in Queens, the Organization has become a powerful community presence throughout the City of New York ("NYC"). The Organization serves children and families from birth to adulthood with effective, innovative programs in five critical areas: behavioral health (including substance abuse), youth development, preventive services, early childhood education, and health homes and integrated care.

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"), the New York City Department of Education ("NYC DOE"), and the New York City Department of Health and Mental Hygiene ("NYC DOHMH"). Funding agencies also include the U.S. Department of Health and Human Services ("DHHS"), the New York State Department of Health ("NYS DOH"), the New York State Office of Children and Family Services ("NYS OCFS"), the New York City Police Department (NYPD), and the New York State Department of Criminal Justice Services ("NYS DCJS"). The Organization is obligated under the terms of the contracts to comply with specified conditions and program requirements set forth by the respective grantor.

The Organization was incorporated in the State of New York and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Adoption of New Accounting Policies

Recognition of Contributions

Effective July 1, 2019, the Organization adopted Accounting Standards Update ("ASU") 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance provides a framework for evaluating whether grants should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Revenue from Contracts with Customers

Effective July 1, 2019, the Organization adopted ASU 2014-09, Revenue from Contracts with Customers, as amended. The guidance provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance.

The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

Analysis of various provisions of this standard resulted in no changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

The new guidance requires the Organization to not recognize revenue until it is probable of collection. Based on strong collection experience, the Organization has concluded that all revenue recognized is probable of collection.

Restricted Cash

Effective July 1, 2019, the Organization adopted ASU 2016-18 "Statement of Cash Flows (Topic 230): Restricted Cash" for all periods presented. ASU 2016-18 requires inclusion of restricted cash with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. Previously, changes in restricted cash were reported on the statement of cash flows as operating, investing or financing activities based on the nature of the underlying activity.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are those currently available at the discretion of management and the governing board for use in operations. Net assets with donor restrictions are those which are stipulated by donors for specific purposes or by passage of time and may include net assets to be held in perpetuity.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include highly liquid fixed income investments with a maturity of three months or less at time of purchase. Donations related to the Auffarth Fund are maintained in a separate bank account and are reflected as restricted cash and board-designated net assets without donor restrictions in the accompanying financial statements.

The following is a reconciliation of cash, cash equivalent and restricted cash reported on the statement of financial position to the statement of cash flows at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalent	\$ 3,262,720	\$ 2,132,335
Restricted cash	<u>589,557</u>	<u>589,557</u>
	<u>\$ 3,852,277</u>	<u>\$ 2,721,892</u>

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for contracts and patient services receivables where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to collections. Contracts and grants receivable are reflected in the statement of financial position net of an allowance for doubtful accounts of \$260,000 as of June 30, 2020 and 2019. There was no allowance for doubtful accounts as of June 30, 2020 and 2019 for patient services receivable and contributions receivable as patient services receivable was substantially collected subsequent to year-end, and management anticipates no collection problems on contributions receivable.

The Child Center of NY, Inc.

Notes to Financial Statements

June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

Property and equipment are recorded at cost. Depreciation of furniture and equipment is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 1 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 shorter. Expenditures over \$5,000 with an estimated useful life of more than one year are capitalized to the asset accounts.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value. Assets written off during the years ended June 30, 2020 and 2019 amounted to \$21,160 and \$108,500 included in other on the statement of functional expenses.

Revenue Recognition

Revenue from 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 non-operating revenue without donor restrictions, 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 net patient services revenue.

Contributions are recorded at fair value when received or pledged. Amounts are recorded as support with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as support without donor restrictions. Conditional contributions are recognized in the period when conditions are substantially met.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies (continued)

In-kind Contributions

In-kind contributions are recognized in the accompanying financial statements based on their fair value. The Organization recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Contributed services that do not meet these criteria are not recognized as revenue and are not reported in the accompanying financial statements.

In-kind contributions primarily relate to donated services performed by professionals in the course of carrying out the functions and activities of federally-funded programs such as Early Head Start and Early Learn programs of the Organization.

Deferred Rent

The Organization occupies several buildings under leases containing escalation clauses that require normalization of the rental expense over the life of the lease. The resulting deferred rent is reflected in the accompanying statement of financial position.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Specific expenses that are readily identifiable to a single program or activity are charged to that function. Certain expenses are attributable to more than one program or supporting function and have been allocated in a reasonable ratio by management. These expenses include salaries, payroll taxes and employee benefits and insurance, which are allocated based on estimates of time and effort, as well as rent and utilities and repairs and maintenance which are allocated based on square footage.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal 2017.

Summarized Financial Information

The statements of activities and functional expenses include prior year summarized information in total only, which does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended June 30, 2019 from which the summarized information was derived.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

2. Summary of Significant Accounting Policies *(continued)*

Reclassifications

Certain accounts in the fiscal 2019 financial statements have been reclassified to conform to the fiscal 2020 financial statement presentation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 3, 2020.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization places its cash and cash equivalents with high credit quality financial institutions which, at times, may exceed federally insured limits.

Patient services receivable credit risk is limited because the receivables are reported at their outstanding unpaid balances reduced by an allowance for doubtful accounts, where necessary. The Organization estimates doubtful accounts based on historical bad debts, factors related to specific payors' ability to pay and current economic trends.

Contracts and grants receivable credit risk is limited due to the nature of the contracts and grants. The Organization regularly monitors its contracts and grants receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Organization considers all contracts and grants as collectible.

4. Patient Services Receivable

Patient services receivable consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Medicaid and Medicaid Managed Care	\$ 945,783	\$ 896,900
Other third-party payors and self-pay	<u>36,488</u>	<u>99,482</u>
	<u>\$ 982,271</u>	<u>\$ 996,382</u>

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

5. Contracts and Grants Receivable

Contracts and grants receivable, net, consist of the following at June 30:

	2020	2019
NYC Administration for Children's Services	\$ 2,862,906	\$ 1,957,531
NYC Department of Youth and Community Development	2,040,975	2,280,548
NYC Department of Education	1,152,494	1,149,667
NYC Department of Health and Mental Hygiene	647,386	508,951
NYS Office of Children and Family Services	266,038	173,724
U.S. Department of Health and Human Services	264,225	190,298
NYC Police Department	82,921	-
NYS Department of Health	34,645	65,589
Subcontracts - NYC Schools	118,415	165,946
Other grants	575,394	991,545
	8,045,399	7,483,799
Allowance for doubtful accounts	(260,000)	(260,000)
	\$ 7,785,399	\$ 7,223,799

6. Property and Equipment

Property and equipment, net, consist of the following at June 30:

	2020	2019
Furniture and equipment	\$ 2,751,210	\$ 2,098,499
Leasehold improvements	2,244,170	2,254,820
	4,995,380	4,353,319
Accumulated depreciation and amortization	(3,950,658)	(3,755,458)
	\$ 1,044,722	\$ 597,861

7. Line of Credit

At June 30, 2020, the Organization has a \$2,000,000 line of credit with a financial institution through December 31, 2020. Borrowings under this arrangement bear interest at the Wall Street Journal prime rate (2.09% and 5.50% at June 30, 2020 and 2019) plus 0.50%, and are secured by all assets of the Organization. As of June 30, 2020 and 2019, the Organization had an outstanding borrowing of \$1,000,000 and \$0. Interest expense was \$6,920 and \$0 for the years ended June 30, 2020 and 2019.

8. Due to Government Agencies

Due to government agencies amounted to \$2,161,137 and \$2,803,033 as of June 30, 2020 and 2019. These liabilities represent amounts owed primarily related to recoupments of overpayments from government agencies as well as unused contract advances. The balance at June 30, 2020 includes \$1,458,893 which is payable in equal monthly installments of \$21,501, including interest at 2% per annum, from April 2016 to August 2025. Interest expense for fiscal 2020 and 2019 amounted to \$21,387 and \$32,906.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

9. Patient Services Revenue

Patient services revenue consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Medicaid and Medicaid Managed Care	\$ 14,536,389	\$ 13,399,185
Other third-party payors and self-pay	<u>272,840</u>	<u>329,097</u>
	<u>\$ 14,809,229</u>	<u>\$ 13,728,282</u>

Patient services revenue 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. 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.

10. Contracts and Grants Revenue

Contracts and grants revenue consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
NYC Administration for Children's Services	\$ 13,601,130	\$ 16,142,614
NYC Department of Youth and Community Development	13,466,435	13,102,427
NYC Department of Education	6,802,662	3,156,952
NYC Department of Health and Mental Hygiene	2,900,860	2,963,600
U.S. Department of Health and Human Services	1,832,535	943,324
NYS Department of Health	552,818	569,325
NYS Office of Children and Family Services	328,449	308,907
NYC Police Department	295,641	-
NYS Office of Mental Health	196,795	-
NYS Department of Criminal Justice Services	58,523	274,319
Subcontracts - NYC schools	612,497	589,353
Foundation grants	1,329,626	888,588
Other contracts and grants	<u>1,333,970</u>	<u>1,285,453</u>
	<u>\$ 43,311,941</u>	<u>\$ 40,224,862</u>

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

11. Employee Benefit Plans

The Organization has a defined contribution 401(k) plan covering substantially all nonunion employees meeting certain eligibility requirements. Contributions to the plan are collectively 10% of eligible compensation. Pension expense amounted to \$1,583,345 and \$1,425,867 for the years ended June 30, 2020 and 2019.

The Organization's union employees are covered by collective bargaining agreements ("CBA's") with the 1199 SEIU United Healthcare Workers East Union, Local 95 District Council 1707 Union, and Local 205 District Council 1707 Union. The CBA's include participation in multi-employer, non-contributory defined benefit plans. The SEIU Health Care Employees Pension Fund runs on a calendar year and The Head Start Sponsoring Board Council of New York Plan and The Cultural Institutions Pension Plan run on a fiscal year (collectively, the "Plans"). Separate actuarial information regarding such Plans is not made available to the contributing employers by the union administrators or trustees since the Plans do not maintain separate records for each reporting unit.

The Organization's participation in the Plans for the years ended June 30, 2020 and 2019 is outlined in the table below. The most recent Pension Protection Act (PPA) zone status available for the Plans is December 31, 2019 and June 30, 2020.

The zone status is based on information that the Organization received from the Plans and is certified by the actuaries of the Plans. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded. None of the Plans have a financial improvement plan or rehabilitation plan pending or implemented. The Organization's contributions to the Plans did not exceed 5% of the Plans' total contributions for the years ended June 30, 2020 and 2019.

Pension Fund	EIN Number	Plan Number	Protection Act		Total Pension Cost to the Plan		Expiration Date of Collective Bargaining Agreement
			2020	2019	2020	2019	
SEIU Health Care Employees Pension Fund	13-3604862	001	Green	Green	\$ 935,476	\$ 907,844	June 30, 2021
The Head Start Sponsoring Board Council of the City of New York Plan	13-3152121	001	Green	Green	138,348	96,894	January 31, 2022
The Cultural Institutions Pension Plan	11-2001170	001	Green	Green	116,256	109,759	September 30, 2022
					<u>\$1,190,080</u>	<u>\$ 1,114,497</u>	

The pension contributions for the years ended June 30 consisted of the following:

	2020	2019
Paid by the Organization	\$ 1,073,824	\$ 1,004,738
Paid by the City of New York	<u>116,256</u>	<u>109,759</u>
	<u>\$ 1,190,080</u>	<u>\$ 1,114,497</u>

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

11. Employee Benefit Plans *(continued)*

In addition, the CBA's include participation in postretirement health and supplemental welfare benefit plans (the "Health Plans"), which provide health and other benefits to eligible participants who are covered under the CBA's. The Organization's contributions to the Health Plans totaled \$2,810,936 and \$2,551,648 for the years ended June 30, 2020 and 2019.

Assets contributed to the multi-employer plans may be used to provide benefits of employment to other participating employers. If a plan employer stops contributing to the plans, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Organization stops participating in the plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of a \$1,000,000 grant received for the renovation of one of the operating locations. For the year ended June 30, 2020, \$158,171 was released. Net assets with donor restrictions at the end of the year amounted to \$841,829 included on the statement of financial position and statement of activities.

13. Commitments and Contingencies

The Organization leases eight facilities with leases expiring through fiscal 2035. Several of the leases contain escalations for real estate taxes. Deferred rent included on the statement of financial position related to the amount of straight-lined rent expensed in advance of rental payments made was \$343,192 and \$326,867 as of June 30, 2020 and 2019. Rent expense for the years ended June 30, 2020 and 2019 amounted to \$2,466,465 and \$2,321,562. All facilities are operated under noncancellable operating leases requiring future minimum payments as follows:

2021	\$ 2,406,630
2022	2,306,019
2023	2,338,283
2024	2,354,873
2025	2,336,605
Thereafter	<u>13,455,182</u>
	<u>\$25,197,592</u>

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.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2020

14. Liquidity and Availability of Financial Assets

The Organization's financial assets reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions, are composed of the following at June 30:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$ 3,262,720	\$ 2,132,335
Restricted cash	589,557	589,557
Patient services receivable	982,271	996,382
Contracts and grants receivable, net	7,785,399	7,223,799
Contributions receivable	<u>553,650</u>	<u>189,250</u>
Total Financial Assets	13,173,597	11,131,323
Less: Restricted Amounts		
Board designated	(589,557)	(589,557)
Restricted by donor	<u>(841,829)</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 11,742,211</u>	<u>\$ 10,541,766</u>

As part of the Organization's strategy, management structures its financial assets, consisting of cash and cash equivalents, patient services receivable, contracts and grants receivable, net and contributions receivable to be available as its general expenditures and liabilities come due within one year. The Organization receives cash flow from various government and foundation grants to fund its programs and has a \$2,000,000 line of credit available to meet future cash flow needs. Board designated amounts can be accessed by the vote of the Board.

15. Subsequent Events

On August 15, 2020, the Organization commenced operations for a NYS OMH licensed Residential Treatment Facility.

16. Risk and Uncertainties

The Organization's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations as well as decline in revenue and support activities. The effects of the outbreak on the Organization's future business, financial condition and results of operations cannot be determined at this time.

* * * * *