

The Child Center of NY, Inc.

Financial Statements

June 30, 2019

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, 2019, 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, 2019, 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.

Change in Accounting Principle

As discussed in note 2 to the financial statements, during the year ended June 30, 2019, The Child Center of NY, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 26, 2019

The Child Center of NY, Inc.

Statement of Financial Position
June 30, 2019
(with comparative amounts at June 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 2,132,335	\$ 1,236,266
Restricted cash	589,557	589,557
Patient services receivable	996,382	925,315
Contracts and grants receivable, net	7,223,799	7,261,794
Contributions receivable	189,250	368,400
Prepaid expenses	223,819	180,812
Security deposits	368,155	320,108
Property and equipment, net	<u>597,861</u>	<u>639,627</u>
	<u>\$ 12,321,158</u>	<u>\$ 11,521,879</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 5,049,473	\$ 3,567,820
Deferred rent	326,867	266,097
Due to government agencies	<u>2,803,033</u>	<u>3,779,426</u>
Total Liabilities	<u>8,179,373</u>	<u>7,613,343</u>
Net Assets		
Without Donor Restrictions		
Board designated	589,557	589,557
Operating	<u>3,552,228</u>	<u>3,318,979</u>
Total Net Assets	<u>4,141,785</u>	<u>3,908,536</u>
	<u>\$ 12,321,158</u>	<u>\$ 11,521,879</u>

See notes to financial statements

The Child Center of NY, Inc.

Statement of Activities
Year Ended June 30, 2019
(with summarized totals for the year ended June 30, 2018)

	2019	2018
REVENUE AND SUPPORT		
Contracts and grants revenue	\$ 40,224,862	\$ 36,708,525
Patient services revenue, net	13,728,282	12,676,044
Contributions	456,389	648,737
Fundraising, net of direct expenses of \$244,757 and \$206,992	1,009,195	662,452
In-kind contributions	703,236	958,647
Other income	<u>73,367</u>	<u>178,495</u>
Total Revenue and Support	<u>56,195,331</u>	<u>51,832,900</u>
EXPENSES		
Program services	48,511,901	44,697,811
Supporting Services		
Management and general	7,135,994	6,127,765
Fundraising	<u>314,187</u>	<u>527,086</u>
Total Expenses	<u>55,962,082</u>	<u>51,352,662</u>
Excess of Revenue and Support over Expenses	233,249	480,238
NON-OPERATING ACTIVITY		
Legal settlement	<u>-</u>	<u>625,000</u>
Change in Net Assets	233,249	1,105,238
NET ASSETS		
Beginning of year	<u>3,908,536</u>	<u>2,803,298</u>
End of year	<u>\$ 4,141,785</u>	<u>\$ 3,908,536</u>

See notes to financial statements

The Child Center of NY, Inc.

Statement of Functional Expenses
 Year Ended June 30, 2019
 (with summarized totals for the year ended June 30, 2018)

	Program Services						Total Program Services	Management and General	Fundraising	2019 Total	2018 Total
	Youth Development	Preventive Services	Behavioral Health	Early Childhood	Health Homes and Integrated Care	Other Services					
Salaries and wages	\$ 11,972,204	\$ 7,033,947	\$ 6,877,646	\$ 3,493,596	\$ 1,859,744	\$ 251,484	\$ 31,488,621	\$ 3,632,839	\$ 129,563	\$ 35,251,023	\$ 32,057,040
Payroll taxes and employee benefits	2,464,185	2,916,455	2,556,228	1,031,085	599,760	90,649	9,658,362	719,103	21,538	10,399,003	9,050,635
Rent and utilities	67,247	368,319	942,221	330,839	100,828	38,211	1,847,665	776,610	26,992	2,651,267	2,616,352
Program related	995,109	15,841	17,848	194,506	102,276	1,013	1,326,593	23,936	7,617	1,358,146	1,303,433
Consumable supplies	605,547	17,773	63,903	94,801	7,637	13,258	802,919	30,353	4,959	838,231	923,743
Equipment related	333,561	78,253	64,299	61,755	36,343	6,160	580,371	208,097	23,232	811,700	641,729
Consultants	173,227	56,866	5,562	55,786	101,412	-	392,853	349,747	70,625	813,225	856,322
Repairs and maintenance	70,263	30,257	115,943	277,931	13,467	7,556	515,417	156,777	1,263	673,457	605,258
Other contracted services	2,666	2,850	100,093	39,213	54,462	1,771	201,055	252,915	153,933	607,903	750,523
Telephone and internet	79,287	58,595	98,890	27,305	22,511	5,484	292,072	72,387	2,396	366,855	355,741
Insurance	102,806	34,371	24,448	27,879	9,390	1,445	200,339	10,876	390	211,605	197,197
Staff training	79,230	1,532	12,244	75,160	859	-	169,025	125,240	116	294,381	115,046
Travel and conferences	51,784	72,362	8,804	8,453	24,762	62	166,227	26,761	4,431	197,419	159,782
Professional fees	351	4,444	28,812	-	716	-	34,323	183,843	-	218,166	355,906
Dues and subscriptions	1,858	-	1,800	15,461	9,500	-	28,619	53,269	5,670	87,558	68,684
Charges and fees	5	18	4,450	2,342	-	11	6,826	26,587	13,563	46,976	44,613
Postage	1,118	1,902	1,205	202	1,692	106	6,225	8,896	571	15,692	16,178
Recruitment	1,026	99	1,911	734	-	775	4,545	78,428	875	83,848	24,760
Interest	-	-	-	-	-	-	-	32,925	-	32,925	39,691
Community relations	-	-	-	-	-	-	-	1,997	450	2,447	4,039
Other	28,396	671	1,903	4,327	5,737	430	41,464	264,362	90,760	396,586	250,746
In-kind expenses	-	-	-	703,236	-	-	703,236	-	-	703,236	958,647
Depreciation and amortization	-	200	43,458	1,486	-	-	45,144	100,046	-	145,190	163,589
Total Functional Expenses	17,029,870	10,694,755	10,971,668	6,446,097	2,951,096	418,415	48,511,901	7,135,994	558,944	56,206,839	51,559,654
Less: cost of direct expenses of fundraising events	-	-	-	-	-	-	-	-	(244,757)	(244,757)	(206,992)
Total Expenses Reported by Function on Statement of Activities	\$ 17,029,870	\$ 10,694,755	\$ 10,971,668	\$ 6,446,097	\$ 2,951,096	\$ 418,415	\$ 48,511,901	\$ 7,135,994	\$ 314,187	\$ 55,962,082	\$ 51,352,662

See notes to financial statements

The Child Center of NY, Inc.

Statement of Cash Flows
Year Ended June 30, 2019
(with comparative amounts for the year ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 233,249	\$ 1,105,238
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	145,190	163,589
Deferred rent	60,770	51,825
Loss on disposal of property and equipment	108,500	-
Changes in operating assets and liabilities		
Patient services receivable	(71,067)	(81,843)
Contracts and grants receivable	37,995	278,804
Contributions receivable	179,150	37,425
Prepaid expenses	(43,007)	(33,045)
Security deposits	(48,047)	(625)
Accounts payable and accrued expenses	1,481,653	138,299
Due to government agencies	(976,393)	(108,874)
Net Cash from Operating Activities	1,107,993	1,550,793
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(211,924)	(123,536)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of line of credit	-	(639,009)
Net Change in Cash and Cash Equivalents	896,069	788,248
 CASH AND CASH EQUIVALENTS (including restricted cash)		
Beginning of year	1,825,823	1,037,575
End of year	\$ 2,721,892	\$ 1,825,823
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 32,925	\$ 39,691

See notes to financial statements

The Child Center of NY, Inc.

Notes to Financial Statements

June 30, 2019

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). With nearly 70 locations in NYC's toughest, most under-resourced communities, the Organization's 1,100 results-oriented professionals are making a difference for more than 35,000 children and families. The Organization serves children from birth to adulthood with effective, innovative programs in five critical areas: behavioral health (including substance abuse), youth development, preventive services, early childhood education prevention (of abuse and domestic violence), 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") 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 City Department of Education ("NYC DOE"), the New York State Department of Health ("NYS DOH"), the New York State Office of Children and Family Services ("NYS OCFS") 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, 2019

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

On July 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities (ASU 2016-14). This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements.

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. At June 30, 2019 and 2018, the Organization's net assets are classified as without donor restrictions and there were no net assets with donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid fixed income investments with a maturity of three months or less at time of purchase.

Restricted Cash

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.

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, 2019 and 2018. There was no allowance for doubtful accounts as of June 30, 2019 and 2018 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, 2019

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 3 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, 2019 and 2018 amounted to \$108,500 and \$0.

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, 2019

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 2016.

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, 2018 from which the summarized information was derived.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2019

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

Reclassifications

Certain accounts in the fiscal 2018 financial statements have been reclassified to conform to the fiscal 2019 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 November 26, 2019.

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:

	2019	2018
Medicaid and Medicaid Managed Care	\$ 641,735	\$ 679,544
Other third-party payors and self-pay	354,647	245,771
	<u>\$ 996,382</u>	<u>\$ 925,315</u>

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2019

5. Contracts and Grants Receivable

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

	<u>2019</u>	<u>2018</u>
NYC Department of Youth and Community Development	\$ 2,280,548	\$ 2,443,876
NYC Administration for Children's Services	1,957,531	2,354,334
NYC Department of Education	1,149,667	1,035,924
NYC Department of Health and Mental Hygiene	508,951	416,100
NYS Office of Children and Family Services	173,724	182,870
NYS Department of Health	65,589	34,067
NYS Department of Criminal Justice Services	30,417	88,590
Subcontracts - NYC Schools	165,946	190,817
U.S. Department of Health and Human Services	190,298	178,499
Other grants	961,128	596,717
	<u>7,483,799</u>	<u>7,521,794</u>
Allowance for doubtful accounts	<u>(260,000)</u>	<u>(260,000)</u>
	<u>\$ 7,223,799</u>	<u>\$ 7,261,794</u>

6. Property and Equipment

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

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 2,098,500	\$ 2,018,925
Leasehold improvements	<u>2,254,820</u>	<u>2,230,971</u>
	4,353,320	4,249,896
Accumulated depreciation and amortization	<u>(3,755,459)</u>	<u>(3,610,269)</u>
	<u>\$ 597,861</u>	<u>\$ 639,627</u>

7. Line of Credit

At June 30, 2019, the Organization has a \$2,000,000 line of credit with a financial institution through December 31, 2019. Borrowings under this arrangement bear interest at the Wall Street Journal prime rate (5.500% at June 30, 2019) plus 0.50%, and are secured by all assets of the Organization. As of June 30, 2019, the Organization had no borrowings outstanding.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2019

7. Line of Credit (*continued*)

At June 30, 2018, the Organization had a \$250,000 line of credit with a financial institution through May 31, 2019. Borrowings under this arrangement bore interest at the Wall Street Journal prime rate (4.75% at June 30, 2018) plus 1%, and was secured by all assets of the Organization. The line of credit was not extended after expiration date. As of June 30, 2019 and 2018, the Organization had no borrowings outstanding. Interest expense for fiscal 2019 and 2018 amounted to \$0 and \$1,625.

8. Due to Government Agencies

Due to government agencies amounted to \$2,803,033 and \$3,779,426 as of June 30, 2019 and 2018. 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, 2019 includes \$1,631,013 which is payable in equal monthly installments of \$21,501, including interest at 2% per annum, from April 2016 to May 2025. Interest expense for fiscal 2019 and 2018 amounted to \$32,906 and \$38,066.

9. Patient Services Revenue

Patient services revenue consists of the following at June 30:

	<u>2019</u>	<u>2018</u>
Medicaid and Medicaid Managed Care	\$ 13,115,110	\$ 12,138,342
Other third-party payors and self-pay	<u>613,172</u>	<u>537,702</u>
	<u>\$ 13,728,282</u>	<u>\$ 12,676,044</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.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2019

10. Contracts and Grants Revenue

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

	<u>2019</u>	<u>2018</u>
NYC Administration for Children's Services	\$ 16,142,614	\$ 14,562,084
NYC Department of Youth and Community Development	13,102,427	11,863,888
NYC Department of Education	3,156,952	2,862,507
NYC Department of Health and Mental Hygiene	2,963,600	2,858,527
U.S. Department of Health and Human Services	943,324	981,385
NYS Department of Health	569,325	591,900
NYS Office of Children and Family Services	308,907	255,231
Subcontracts - NYC schools	589,353	598,936
NYS Department of Criminal Justice Services	274,319	259,294
Foundation grants	888,588	907,792
Other contracts and grants	1,285,453	966,981
	<u>\$ 40,224,862</u>	<u>\$ 36,708,525</u>

11. Employee Benefit Plans

The Organization has a defined contribution money purchase pension plan covering substantially all nonunion employees meeting certain eligibility requirements. Contributions to the plan are 10% of gross salaries. Pension expense amounted to \$1,425,867 and \$1,059,956 for the years ended June 30, 2019 and 2018.

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 Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2019

11. Employee Benefit Plans (continued)

The Organization's participation in the Plans for the years ended June 30, 2019 and 2018 is outlined in the table below. The most recent Pension Protection Act (PPA) zone status available for the Plans is December 31, 2018 and June 30, 2019.

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, 2019 and 2018.

Pension Fund	EIN Number	Plan Number	Protection Act Zone Status		Total Pension Cost to the Plan		Expiration Date of Collective Bargaining Agreement
			2019	2018	2019	2018	
SEIU Health Care Employees Pension Fund	13-3604862	001	Green	Green	\$ 907,844	\$ 746,503	June 30, 2021
The Head Start Sponsoring Board Council of the City of New York Plan	13-3152121	001	Green	Green	96,894	115,435	January 31, 2019 **
The Cultural Institutions Pension Plan	11-2001170	001	Green	Green	109,759	98,053	September 30, 2022
					<u>\$ 1,114,497</u>	<u>\$ 959,991</u>	

** Under negotiation

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

	2019	2018
Paid by the Organization	\$ 1,004,738	\$ 861,938
Paid by the City of New York	<u>109,759</u>	<u>98,053</u>
	<u>\$ 1,114,497</u>	<u>\$ 959,991</u>

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 \$2,551,648 and \$2,300,585 for the years ended June 30, 2019 and 2018.

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.

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12. Commitments and Contingencies

The Organization leases eight facilities with leases expiring through fiscal 2029. Several of the leases contain escalations for real estate taxes. Rent expense for the years ended June 30, 2019 and 2018 amounted to \$2,321,562 and \$2,472,855. All facilities are operated under noncancellable operating leases requiring future minimum payments as follows:

2020	\$ 2,394,819
2021	2,349,231
2022	1,761,040
2023	1,549,035
2024	1,563,767
Thereafter	<u>7,445,313</u>
	<u>\$17,063,205</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.

13. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2019 reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions.

Financial assets:	
Cash and cash equivalents	\$ 2,132,335
Restricted cash	589,557
Patient services receivable	996,382
Contracts and grants receivable, net	7,223,799
Contributions receivable	<u>189,250</u>
Total Financial Assets	11,131,323
Less: Restricted amounts	
Board Designated	<u>(589,557)</u>
Financial Assets Available to Meet General	
Expenditures over the Next Twelve Months	<u>\$ 10,541,766</u>

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2019

13. Liquidity and Availability of Financial Assets (continued)

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.

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