

**Family and Children's Association, Inc.
and Affiliate**

Consolidated Financial Statements and
Consolidating Supplementary Information

December 31, 2018 and 2017

Family and Children's Association, Inc. and Affiliate

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Independent Auditors' Report

To the Board of Trustees of
Family and Children's Association, Inc. and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Family and Children's Association, Inc. and Affiliate (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Family and Children's Association, Inc. and Affiliate as of December 31, 2018 and 2017, and the change in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Consolidating Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 21 to 23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Baker Tilly Virchow Krause, LLP

Melville, New York
May 22, 2019

Family and Children's Association, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,149,947	\$ 391,203
Investments	2,981,450	3,683,017
Accounts receivable, net of allowance of approximately \$94,300 and \$99,300, respectively	4,900,046	3,928,240
Prepaid expenses and other current assets	<u>168,077</u>	<u>361,278</u>
Total current assets	9,199,520	8,363,738
Investments, Perpetual Endowments	582,333	582,333
Property, Plant and Equipment, Net	3,600,066	3,842,344
Other Assets	<u>169,767</u>	<u>174,315</u>
Total assets	<u><u>\$ 13,551,686</u></u>	<u><u>\$ 12,962,730</u></u>
Liabilities and Net Assets		
Current Liabilities		
Notes payable to bank	\$ 630,000	\$ -
Accounts payable and accrued expenses	2,003,377	2,074,621
Advances	572,799	223,250
Current portion of long-term debt	61,236	608,122
Liabilities, discontinued operations (Note 16)	<u>1,300,517</u>	<u>1,531,529</u>
Total current liabilities	4,567,929	4,437,522
Long-Term Debt	576,776	69,168
Other Long-Term Liabilities	<u>14,136</u>	<u>14,136</u>
Total liabilities	<u>5,158,841</u>	<u>4,520,826</u>
Net Assets		
Net assets without donor restrictions	7,107,773	7,330,434
Net assets with donor restrictions	<u>1,285,072</u>	<u>1,111,470</u>
Total net assets	<u>8,392,845</u>	<u>8,441,904</u>
Total liabilities and net assets	<u><u>\$ 13,551,686</u></u>	<u><u>\$ 12,962,730</u></u>

See notes to consolidated financial statements

Family and Children's Association, Inc. and Affiliate

Consolidated Statements of Activities and Change in Net Assets

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Change in Net Assets Without Donor Restrictions from Operations		
Support and revenue:		
Contracts and fees from government agencies	\$ 14,463,214	\$ 14,444,011
Revenue from services to other agencies	1,107,428	925,296
Other program fees	930,653	869,779
Contributions and grants	933,269	1,683,820
Special events revenue	1,566,415	1,293,723
Special event costs of direct benefits to donors	(297,368)	(330,190)
Loss from rental operations	(162,575)	(111,629)
Other income	296,380	12,635
Net assets released from restrictions	48,023	150,000
	<u>18,885,439</u>	<u>18,937,445</u>
Total support and revenue		
Expenses		
Program services:		
Mental health services	4,717,561	5,199,720
Runaway and homeless youth services	2,490,607	3,098,760
Family services	1,283,527	1,070,083
Services to the aged	2,115,916	1,959,593
Drug and alcohol services	3,411,299	2,831,992
Group home services	-	71,856
Independent living services	603,105	600,979
Adult and children and general counseling services	194,146	214,819
Scholarship programs	127,524	130,080
	<u>14,943,685</u>	<u>15,177,882</u>
Total program services		
Supporting services:		
Management and general	2,392,954	2,329,815
Fundraising	695,042	641,749
	<u>3,087,996</u>	<u>2,971,564</u>
Total supporting services		
Services to other agencies	<u>1,009,812</u>	<u>861,619</u>
Total expenses	<u>19,041,493</u>	<u>19,011,065</u>
Change in net assets without donor restrictions before transfer for operations and capital expenditures and non-operating activities	<u>(156,054)</u>	<u>(73,620)</u>
Transfer for operations and capital expenditures	<u>-</u>	<u>500,000</u>
Change in net assets without donor restrictions after transfer for operations and capital expenditures and before non-operating activities	<u>(156,054)</u>	<u>426,380</u>

See notes to consolidated financial statements

Family and Children's Association, Inc. and Affiliate

Consolidated Statements of Activities and Change in Net Assets (continued)

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Change in Net Assets Without Donor Restrictions from Non-Operating Activities		
Interest and dividend income, net of fees of \$26,148 and \$37,968, respectively	\$ 41,851	\$ 83,741
Net realized gain on sale of investments	133,711	999,695
Unrealized depreciation in fair value of investments	(242,169)	(574,283)
Transfer from investments for operations and capital expenditures	-	(500,000)
	<u> </u>	<u> </u>
Change in net assets without donor restrictions from non-operating activities	(66,607)	9,153
	<u> </u>	<u> </u>
Change in Net Assets Without Donor Restrictions	(222,661)	435,533
	<u> </u>	<u> </u>
Change in Net Assets With Donor Restrictions		
Interest and dividend income, net of fees of \$11,440 and \$14,078, respectively	8,602	1,738
Net realized gain on sale of investments	11,500	575
Unrealized (depreciation) appreciation in fair value of investments	(30,895)	38,258
Contributions	232,418	20,110
Net assets released from restrictions	(48,023)	(150,000)
	<u> </u>	<u> </u>
Change in net assets with donor restrictions	173,602	(89,319)
	<u> </u>	<u> </u>
Change in net assets	(49,059)	346,214
	<u> </u>	<u> </u>
Net Assets, Beginning of Year	8,441,904	8,095,690
	<u> </u>	<u> </u>
Net Assets, End of Year	\$ 8,392,845	\$ 8,441,904
	<u> </u>	<u> </u>

See notes to consolidated financial statements

Family and Children's Association, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year Ended December 31, 2018 (with comparative totals for 2017)

	Mental Health Services	Runaway and Homeless Youth Services	Family Services	Services to the Aged	Drug and Alcohol Services	Independent Living Services	Adult and Children and General Counseling Services	Scholarship Programs	Total Program Services	Management and General	Public Relations	Total Management and General	Fundraising	Services to Other Agencies	2018 Total Expenses	2017 Total Expenses
Salaries	\$ 3,009,506	\$ 1,599,158	\$ 769,409	\$ 1,404,042	\$ 2,115,205	\$ 356,594	\$ 99,664	\$ 9,943	\$ 9,363,521	\$ 1,248,213	\$ 70,968	\$ 1,319,181	\$ 431,572	\$ 656,052	\$ 11,770,326	\$ 11,597,682
Payroll taxes and employee benefits	783,784	411,044	200,223	389,382	487,528	93,424	15,522	1,564	2,382,471	359,384	19,110	378,494	113,034	232,763	3,106,762	3,060,108
	3,793,290	2,010,202	969,632	1,793,424	2,602,733	450,018	115,186	11,507	11,745,992	1,607,597	90,078	1,697,675	544,606	888,815	14,877,088	14,657,790
Occupancy costs, insurance and utilities	310,174	63,659	42,976	68,636	386,656	75,798	11,529	416	959,844	133,444	120	133,564	31,012	65,510	1,189,930	1,273,662
Client activity	22,378	21,482	31,343	66,744	15,574	8,540	37,866	1,770	205,697	-	-	-	-	5,808	211,505	218,477
Contracted services	275,643	147,075	118,676	87,388	153,076	28,899	7,171	996	818,924	191,104	93,913	285,017	31,242	5,706	1,140,889	1,222,272
House supplies and equipment	8,704	28,907	1,216	1,636	4,166	72	351	-	45,052	484	-	484	8	725	46,269	67,300
Food and clothing	32,666	51,525	10,450	5,713	13,476	3,951	1,940	20	119,741	3,355	714	4,069	252	19,497	143,559	121,727
Repairs and maintenance	33,260	31,589	6,383	6,340	13,887	5,905	2,369	12	99,745	14,516	-	14,516	1,042	6,240	121,543	109,820
Travel	71,228	12,488	23,393	19,577	16,467	2,115	1,397	77	146,742	10,046	66	10,112	4,675	5,475	167,004	176,180
Telecommunications	43,841	26,475	28,915	17,909	50,049	14,043	5,007	-	186,239	38,510	-	38,510	12,237	3,499	240,485	231,508
Office supplies	14,302	13,773	5,146	19,131	40,001	1,517	674	66	94,610	20,107	1,740	21,847	12,674	7,182	136,313	120,508
Dues, licenses and permits	6,888	3,105	2,271	637	3,963	663	214	-	17,741	21,750	1,962	23,712	191	295	41,939	43,024
Conference and workshops	20,885	2,180	-	4,005	2,749	-	115	-	29,934	7,220	-	7,220	980	-	38,134	27,889
Staff development	10,525	9,285	3,394	7,768	15,326	886	885	-	48,069	14,413	30	14,443	2,773	577	65,862	90,661
Scholarship	-	-	-	-	-	-	-	103,305	103,305	-	-	-	-	-	103,305	93,052
Interest and bank charges	5,201	-	47	-	1,417	-	-	-	6,665	67,635	-	67,635	9,767	-	84,067	85,684
Fundraising	341	333	1,813	2,115	8,577	50	442	9,355	23,026	5,101	9,220	14,321	18,969	-	56,316	64,275
Bad debt and other	7,869	1,911	574	494	2,228	392	155	-	13,623	-	696	696	18,380	-	32,699	55,167
Miscellaneous	192	-	-	-	969	-	-	-	1,161	3,936	25	3,961	2,530	-	7,652	22,020
Depreciation and amortization	60,174	66,618	37,288	14,399	79,985	10,256	8,845	-	277,575	55,172	-	55,172	3,704	483	336,934	330,049
	\$ 4,717,561	\$ 2,490,607	\$ 1,283,527	\$ 2,115,916	\$ 3,411,299	\$ 603,105	\$ 194,146	\$ 127,524	\$ 14,943,685	\$ 2,194,390	\$ 198,564	\$ 2,392,954	\$ 695,042	\$ 1,009,812	\$ 19,041,493	\$ 19,011,065

Family and Children's Association, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2017

	Mental Health Services	Runaway and Homeless Youth Services	Family Services	Services to the Aged	Drug and Alcohol Services	Group Home Services	Independent Living Services	Adult and Children and General Counseling Services	Scholarship Programs	Total Program Services	Management and General	Public Relations	Total Management and General	Fundraising	Services to Other Agencies	2017 Total Expenses
Salaries	\$ 3,265,573	\$ 2,068,445	\$ 632,003	\$ 1,270,138	\$ 1,649,172	\$ 16,287	\$ 368,675	\$ 104,673	\$ 19,020	\$ 9,393,986	\$ 1,193,631	\$ 71,806	\$ 1,265,437	\$ 416,974	\$ 521,285	\$ 11,597,682
Payroll taxes and employee benefits	942,885	499,298	158,711	356,124	350,752	4,996	87,807	32,320	4,591	2,437,484	305,548	19,336	324,884	104,698	193,042	3,060,108
	4,208,458	2,567,743	790,714	1,626,262	1,999,924	21,283	456,482	136,993	23,611	11,831,470	1,499,179	91,142	1,590,321	521,672	714,327	14,657,790
Occupancy costs, insurance and utilities	321,741	75,251	53,936	69,454	388,614	9,126	89,862	19,424	747	1,028,155	152,936	-	152,936	26,224	66,347	1,273,662
Client activity	30,326	30,631	15,256	62,194	17,201	1,792	9,083	42,284	-	208,767	-	-	-	-	9,710	218,477
Contracted services	296,893	168,783	88,716	81,269	218,480	9,147	19,341	7,990	1,928	892,547	280,597	27,663	308,260	9,137	12,328	1,222,272
House supplies and equipment	10,257	31,586	7,941	3,795	8,912	77	613	234	-	63,415	3,203	-	3,203	362	320	67,300
Food and clothing	28,794	40,492	5,247	4,930	10,384	-	1,372	719	16	91,954	3,044	485	3,529	857	25,387	121,727
Repairs and maintenance	25,702	28,641	8,401	5,733	16,240	3,325	4,304	414	32	92,792	14,158	-	14,158	1,100	1,770	109,820
Travel	98,241	13,208	18,103	17,198	10,424	340	3,279	641	10	161,444	5,680	112	5,792	4,514	4,430	176,180
Telecommunications	44,314	35,023	26,273	18,607	35,535	1,527	11,395	3,274	6	175,954	37,502	-	37,502	14,690	3,362	231,508
Office supplies	13,735	21,343	11,076	21,627	19,062	17	883	-	142	87,885	10,512	1,385	11,897	9,673	11,053	120,508
Dues, licenses and permits	5,009	2,878	2,672	1,020	5,769	17	1,201	384	8	18,958	9,694	11,152	20,846	3,214	6	43,024
Conference and workshops	18,778	1,038	110	875	1,438	-	-	-	-	22,239	4,388	393	4,781	869	-	27,889
Staff development	12,548	12,475	2,768	18,405	11,660	17	833	422	-	59,128	10,803	-	10,803	11,238	9,492	90,661
Scholarship	-	-	-	-	-	-	-	-	93,000	93,000	-	52	52	-	-	93,052
Interest and bank charges	6,915	-	-	-	1,304	-	-	-	-	8,219	69,617	-	69,617	7,848	-	85,684
Fundraising	659	2,021	1,651	11,991	12,352	-	50	29	10,580	39,333	4,553	9,259	13,812	8,225	2,905	64,275
Bad debt and other	16,741	1,782	3,042	869	5,823	10,223	271	95	-	38,846	7,665	116	7,781	8,435	105	55,167
Miscellaneous	-	-	243	-	4,556	-	-	-	-	4,799	7,659	-	7,659	9,562	-	22,020
Depreciation and amortization	60,809	65,865	33,934	15,364	64,314	14,965	2,010	1,916	-	258,977	66,866	-	66,866	4,129	77	330,049
	\$ 5,199,720	\$ 3,098,760	\$ 1,070,083	\$ 1,959,593	\$ 2,831,992	\$ 71,856	\$ 600,979	\$ 214,819	\$ 130,080	\$ 15,177,882	\$ 2,188,056	\$ 141,759	\$ 2,329,815	\$ 641,749	\$ 861,619	\$ 19,011,065

Family and Children's Association, Inc. and Affiliate

Consolidated Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (49,059)	\$ 346,214
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	363,776	341,693
Deferred debt financing costs	(28,935)	-
Loss on disposal of fixed assets	23,326	37,213
Decrease in allowance for doubtful accounts	(5,000)	(9,705)
Net realized and unrealized loss (gain) on investments	127,853	(464,245)
(Increase) decrease in operating assets:		
Accounts receivable	(966,806)	(520,213)
Prepaid expenses and other current assets	193,201	(194,127)
Other assets	4,548	(1,879)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(71,244)	69,494
Advances	349,549	(325,370)
Liabilities, discontinued operations	(231,012)	(507,748)
Other long-term liabilities	-	(7,090)
Net cash flows from operating activities	<u>(289,803)</u>	<u>(1,235,763)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(144,824)	(327,670)
Proceeds from sale of fixed assets	-	600
Purchase of investments	(2,626,802)	(6,392,450)
Proceeds from the sale of investments	<u>3,200,516</u>	<u>14,204,614</u>
Net cash flows from investing activities	<u>428,890</u>	<u>7,485,094</u>
Cash Flows from Financing Activities		
Proceeds from (payments of) notes payable	630,000	(7,282,412)
Payments on long-term debt	<u>(10,343)</u>	<u>(42,659)</u>
Net cash flows from financing activities	<u>619,657</u>	<u>(7,325,071)</u>
Net increase (decrease) in cash and cash equivalents	758,744	(1,075,740)
Cash and Cash Equivalents, Beginning of Year	<u>391,203</u>	<u>1,466,943</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,149,947</u>	<u>\$ 391,203</u>
Supplemental Information		
Interest paid	<u>\$ 55,982</u>	<u>\$ 67,603</u>

See Note 7 for non-cash transaction.

Family and Children's Association, Inc. and Affiliate

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

1. Description of Organization and Summary of Significant Accounting Policies

Nature of Operations

Family and Children's Association, Inc. and Affiliate ("FCA" or the "Organization") is a New York State charitable not-for-profit organization established in 1998, following the merger of Family Services Association of Nassau County, Inc. with Children's House.

FCA provides a broad range of programs and services, which are designed to support families who are experiencing difficulties. Assistance is provided through professional counseling and through participation in community activities directed toward family well-being. The Organization works with other service providers and organizations to improve the well-being of its target population and to enhance the delivery and accessibility of programs through the greater Long Island region. Such programs include Mental Health Counseling, Family Support, Drug and Alcohol, Runaway and Homeless Youth Services, Crisis Intervention and Advocacy, Services to the Aged, and Independent Living Services and Group Homes.

Long Island Council on Alcoholism and Drug Dependence, Inc. ("LICADD") is a not-for-profit organization dedicated to the prevention of drug and alcohol abuse and the promotion of recovery from addiction. On July 31, 2015, FCA entered into a Member Substitution agreement, without consideration, with LICADD through which FCA obtained control as the sole member of LICADD in order to achieve programmatic and administrative synergies. The accompanying consolidated financial statements of the Organization include the results of activities of FCA and LICADD.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America ("U.S. GAAP"). All intercompany activities have been eliminated.

Revenue Recognition

The Organization derives its revenue from, among other sources, contracts and fees for service from federal, state and county (Nassau and Suffolk Counties) governments; contributions and grants from individuals and organizations; Long Island's United Way contributions; fundraising drives and rental income. Revenues from reimbursement contracts are recorded as expenditures are incurred under the contracts.

Contributions

The Organization reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 to net assets without donor restrictions and reported in the consolidated statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions.

The Organization reports gifts of property, plant and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Family and Children's Association, Inc. and Affiliate

Notes to Consolidated Financial Statements

December 31, 2018 and 2017

Net Assets

The net assets of the Organization are reported as follows:

Net Assets Without Donor Restrictions - Net assets which are not donor restricted and are available for general operations. Net assets without donor restrictions also includes board designated amounts which have been designated by the Organization's board of trustees for scholarships.

Net Assets With Donor Restrictions - Net assets which are limited by donor restrictions that either expire with the passage of time or can be fulfilled and removed by actions of the Organization and net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit the Organization to utilize earnings for operational purposes, upon appropriation.

Donated Services

In excess of 250 volunteers have donated significant amounts of their time in the Organization's program services and fundraising campaigns. The value of this contributed time is not reflected in the accompanying consolidated financial statements for the years ended December 31, 2018 and 2017, as it does not meet the criteria for recognition under U.S. GAAP.

Investments

Investments consist primarily of cash and cash equivalents, and corporate stocks and bonds which are carried at fair value. The change in unrealized appreciation (depreciation) in the fair value of investments is reflected in the accompanying consolidated statements of activities and change in net assets.

Fair Value

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, the Organization must determine whether its assets and liabilities recorded at fair value are valued based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs) or Level 3 (valued based on significant unobservable inputs) measurements.

Property, Plant and Equipment, Depreciation and Amortization

Property, plant and equipment are stated at cost except for donated assets, which are recorded at fair value at the time of donation. The Organization capitalizes property and equipment with a cost of \$1,000 or higher, and a useful life of at least two years. Depreciation is provided using the straight-line method calculated over the estimated lives of the related assets, which range from 2 to 40 years. Amortization of leasehold improvements is provided over the shorter of their useful lives or the terms of the lease period using the straight-line method.

Allocation of Expenses on a Functional Basis

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Some of the expenses are directly identified to their related programs or supporting functions and are recorded accordingly. Certain salaries, payroll taxes and fringe benefits have been allocated based on estimates of time and effort. Occupancy, certain of the repairs and maintenance, and depreciation and amortization are allocated based on square footage.

Family and Children's Association, Inc. and Affiliate

Notes to Consolidated Financial Statements
December 31, 2018 and 2017

Tax Status

The Organization's income is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the New York State income tax laws, except for income not related to its tax-exempt purpose (revenue from certain rental income). No income taxes were incurred for the years ended December 31, 2018 and 2017.

Uncertain Tax Positions

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax provisions that require adjustment to the consolidated financial statements to comply with the provisions of FASB ASC No. 740.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less on the date of purchase to be cash equivalents, except for amounts held by investment managers, which are included in investments.

Allowance for Doubtful Accounts

Management must make estimates of uncollectability of accounts receivable. Management specifically analyzes accounts receivable, historical bad debts, current funding trends and changes in payment trends and rates when evaluating the adequacy of the allowance for doubtful accounts.

Evaluation of Subsequent Events

Management has evaluated subsequent events through May 22, 2019, the date the consolidated financial statements are available for issuance, for inclusion or disclosure in the consolidated financial statements.

Recent Accounting Pronouncements

During August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization was required to adopt ASU 2016-14 in 2018, and has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the Organization's consolidated financial statements:

- (a) The unrestricted net asset class has been renamed Net Assets Without Donor Restrictions.
- (b) The temporarily restricted and permanently restricted net asset classes have been renamed Net Assets With Donor Restrictions.

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- (d) The consolidated financial statements include a disclosure about liquidity and availability of resources (Note 11).
- (e) Expenses are reported by both nature and function, and the disclosure of specific methodologies used to allocate costs among program and support functions is provided.
- (f) Additional disclosure of the Organization's operating measure has been provided.
- (g) Endowment disclosures included in Note 4 have been updated.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for the Organization for fiscal years beginning after December 15, 2018. Management has concluded that the adoption of ASU 2014-09 will not impact the Organization's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Organization's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the consolidated statements of cash flows. ASU 2016-18 is effective for the Organization for fiscal years beginning after December 15, 2018. ASU 2016-18 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of ASU 2016-18 on the Organization's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for the Organization for the fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2018-08 on the Organization's consolidated financial statements.

Reclassifications

Certain 2017 amounts have been reclassified to conform with the 2018 presentation.

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2. Investments

Investments are valued based on Level 1 and Level 2 inputs. The Organization had no Level 3 investments as of December 31, 2018 or 2017.

The fair values and historical costs of the Organization's financial instruments by major categories of investments are as follows:

	December 31, 2018			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Corporate stocks	\$ 1,108,894	\$ -	\$ 1,108,894	\$ 1,173,281
Corporate bonds	-	2,197,455	2,197,455	2,212,058
Total	<u>\$ 1,108,894</u>	<u>\$ 2,197,455</u>	3,306,349	<u>\$ 3,385,339</u>
Cash and cash equivalents			257,434	
Total investments			<u>\$ 3,563,783</u>	

	December 31, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Corporate stocks	\$ 1,876,754	\$ -	\$ 1,876,754	\$ 1,688,551
Corporate bonds	-	1,823,221	1,823,221	1,817,350
Total	<u>\$ 1,876,754</u>	<u>\$ 1,823,221</u>	3,699,975	<u>\$ 3,505,901</u>
Cash and cash equivalents			565,375	
Total investments			<u>\$ 4,265,350</u>	

The following represents unrealized appreciation (depreciation) in fair value of investments for the years ended December 31:

	2018	2017
Unrealized appreciation, beginning of year	\$ 194,074	\$ 730,099
Unrealized depreciation in fair value of investments, during fiscal year	<u>(273,064)</u>	<u>(536,025)</u>
Unrealized (depreciation) appreciation, end of year	<u>\$ (78,990)</u>	<u>\$ 194,074</u>

Interest and dividend income approximated \$37,500 and \$50,500, respectively, for 2018 and \$69,200 and \$68,400, respectively, for 2017.

3. Operating Measure and Transfer from Investments

The Organization uses a measure of operations that excludes investment income from operations. Annually, the board of trustees may authorize a transfer of a designated amount from investments to the Organization's operating account. This designated amount is identified in the Organization's annual budget in order to assist with operating expenses, and is at the discretion of management and the board of trustees. For the year ended December 31, 2017, \$500,000 was transferred from investments. There was no transfer from investments for the year ended December 31, 2018.

Family and Children's Association, Inc. and Affiliate

Notes to Consolidated Financial Statements
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4. Endowment Funds

The Organization has two endowment funds as follows: a scholarship fund, consisting of restricted cash, included in investments, and board designated funds, which together represent an endowment for scholarships and a LICADD endowment fund, consisting of one individual donor restricted endowment fund established to support the labor associated with and management of alcoholism programs.

Interpretation of Relevant Law

The spending of endowment funds by a not-for-profit corporation in the State of New York is governed by the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Organization has interpreted NYPMIFA as allowing the Organization to appropriate for expenditure or accumulate earnings as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless otherwise stated in the gift instrument, the assets in an endowment fund shall be donor restricted assets and net assets until appropriated for expenditure by the Organization.

Spending Policy

The Organization may spend earnings from the scholarship fund annually to provide scholarships. The LICADD endowment fund may be used when appropriated in accordance with the donor's intention.

From time to time, certain donor-restricted endowment funds may have a fair value less than the amount required to be maintained by donors or by law. Management has interpreted state law to permit prudent spending from underwater endowments.

Endowment Investment Policy

The Organization has adopted an investment policy for endowment assets that attempts to provide a predictable stream of returns while seeking to maintain the purchasing power of the endowment assets.

Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to achieve investment returns that are competitive versus pools of assets of similar nature and circumstances.

The following presents the composition of endowment net assets by type of fund as of December 31:

	2018			
	Board Designated	With Donor Restrictions		Total
Original Gift		Accumulated Gains		
Board designated endowment funds	\$ 248,342	\$ -	\$ -	\$ 248,342
Donor-restricted endowment funds	-	582,333	470,321	1,052,654
Total	<u>\$ 248,342</u>	<u>\$ 582,333</u>	<u>\$ 470,321</u>	<u>\$ 1,300,996</u>
2017				
Board designated endowment funds	\$ 246,623	\$ -	\$ -	\$ 246,623
Donor-restricted endowment funds	-	582,333	481,114	1,063,447
Total	<u>\$ 246,623</u>	<u>\$ 582,333</u>	<u>\$ 481,114</u>	<u>\$ 1,310,070</u>

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The changes in endowment net assets were as follows for the years ended December 31:

	2018	
	Board Designated	Net Assets with Donor Restrictions
Net assets, beginning of year	\$ 246,623	\$ 1,063,447
Investment income (loss)	1,719	(10,793)
Net assets, end of year	<u>\$ 248,342</u>	<u>\$ 1,052,654</u>
	2017	
Net assets, beginning of year	\$ 246,567	\$ 1,172,876
Appropriated	-	(150,000)
Investment income	56	40,571
Net assets, end of year	<u>\$ 246,623</u>	<u>\$ 1,063,447</u>

5. Property, Plant and Equipment, Net

Property, plant and equipment, net, consists of the following as of December 31:

	2018	2017
Land	\$ 762,782	\$ 762,782
Furniture and equipment	978,155	984,493
Building and improvements	6,752,446	6,680,369
Vehicles	428,610	428,610
Construction in progress	17,594	6,078
	8,939,587	8,862,332
Accumulated depreciation and amortization	<u>5,339,521</u>	<u>5,019,988</u>
Total	<u>\$ 3,600,066</u>	<u>\$ 3,842,344</u>

Total depreciation and amortization expense for the years ended December 31, 2018 and 2017 approximated \$364,000 and \$342,000, respectively, including approximately \$27,000 and \$12,000 of depreciation expense that has been offset against income from rental operations in the years ended December 31, 2018 and 2017, respectively.

6. Notes Payable to Bank

In January 2018, the Organization obtained a line of credit, secured by all of the Organization's assets, as such item is defined in the Uniform Commercial Code of New York, with a financial institution for \$2,500,000. The line of credit expired on November 30, 2018 and was extended through November 30, 2019. Interest is payable at the 30 day LIBOR rate (2.46 percent as of December 31, 2018), plus 2.75 percent, with a floor rate of 3.0 percent. The line of credit agreement requires FCA to maintain a minimum of \$5,000,000 of net assets without donor restrictions at all times. As of December 31, 2018, \$630,000 was outstanding.

Interest expense on the line for the years ended December 31, 2018 and 2017 approximated \$30,000 and \$39,000, respectively.

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7. Long-Term Debt

Long-term debt consists of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Mortgage note, New York Community Bank (a)	\$ -	\$ 576,105
Mortgage note, Signature Bank (b)	597,779	-
New York State Medical Care Facilities Finance Agency Mortgage Payable (c)	<u>69,168</u>	<u>101,185</u>
	666,947	677,290
Less debt issuance costs	<u>28,935</u>	<u>-</u>
	638,012	677,290
Less current portion of debt	<u>61,236</u>	<u>608,122</u>
Long-term portion of debt	<u>\$ 576,776</u>	<u>\$ 69,168</u>

- a) Effective September 2014, the Organization refinanced this pre-existing mortgage to a lower rate of 3.75 percent, with monthly interest payments of \$2,851 payable through July 1, 2018. The remaining balance of unpaid principal, together with accrued interest was paid in full on November 1, 2018 in connection with the execution of a new mortgage. (See b).
- b) On November 1, 2018, the Organization obtained a 15-year mortgage at a rate of 5.125 percent in the principal amount of \$600,000. The mortgage note requires monthly payments of \$4,784 and matures on November 1, 2033 and is secured by the Organization's administrative offices located in Mineola, New York. Debt financing costs of \$28,935 were incurred and deferred in conjunction with this mortgage.
- c) The mortgage acquired through merger with West Nassau Counseling Center from New York State Medical Care Facilities Finance Agency bears interest at the rate of 5.58 percent per annum. Principal and interest of \$18,609 are payable semi-annually until December 1, 2020, when the entire unpaid balance of principal and interest shall become due and payable. The Organization receives annual funding from the Department of Mental Health for payment of principal and interest.

Future principal payments on the above listed debt are approximately as follows:

Years ending December 31:	
2019	\$ 61,000
2020	64,000
2021	32,000
2022	34,000
2023	36,000
Thereafter	<u>440,000</u>
Total	<u>\$ 667,000</u>

Interest expense for the years ended December 31, 2018 and 2017 approximated \$26,000 and \$29,000, respectively, of which, \$20,000 and \$22,000 has been offset against income from rental operations in 2018 and 2017, respectively.

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8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following as of December 31:

	<u>2018</u>	<u>2017</u>
Scholarships -time and purpose restricted	\$ -	\$ 27,913
Project THRIVE contributions - time and purpose restricted	-	20,110
Criminal justice and diversion programming - time and purpose restricted	100,000	-
Criminal justice and diversion programming - purpose restricted	75,000	-
Substance abuse program - purpose restricted	13,765	-
Friendly visitors - purpose restricted	26,464	-
Senior finances - purpose restricted	11,643	-
Family ties - purpose restricted	2,431	-
Adopt-a-family - walkabout - purpose restricted	1,560	-
Project THRIVE sound system - purpose restricted	1,087	-
Lakeview Prom - purpose restricted	468	-
	<u>232,418</u>	<u>48,023</u>
Total subject to expenditure for specified purposes		
FCA perpetual endowment fund	182,333	182,333
LICADD - R. Brinkley perpetual endowment fund	870,321	881,114
	<u>1,285,072</u>	<u>1,111,470</u>
Total		

Net assets were released from restrictions through appropriation, expiration of time restrictions and/or by incurring expenses to satisfy the restricted purpose specified by the donor as follows during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 27,913	\$ -
Project THRIVE	20,110	-
Appropriations	-	150,000
	<u>48,023</u>	<u>150,000</u>
Total		

9. Special Events Revenue

The Organization generated revenue from the following special events during the years ended December 31:

	<u>2018</u>		
	<u>Gross Revenue</u>	<u>Costs of Direct Benefits to Donors</u>	<u>Net Revenue</u>
Holiday Ball	\$ 500,660	\$ 35,153	\$ 465,507
Golf Outings	480,965	173,998	306,967
Scholarship Dinner	118,649	9,375	109,274
Angel Ball	358,403	65,128	293,275
Other	107,738	13,714	94,024
	<u>1,566,415</u>	<u>297,368</u>	<u>1,269,047</u>
Total			

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	2017		
	Gross Revenue	Costs of Direct Benefits to Donors	Net Revenue
Holiday Ball	\$ 260,698	\$ 45,745	\$ 214,953
Golf Outings	504,793	198,096	306,697
Scholarship Dinner	123,419	10,596	112,823
Angel Ball	313,194	64,857	248,337
Other	91,619	10,896	80,723
Total	<u>\$ 1,293,723</u>	<u>\$ 330,190</u>	<u>\$ 963,533</u>

10. Services to Other Agencies

The Organization has entered into agreements with independent agencies, under which such agencies carry out the daily activities of groups of programs that are principally financed by grants from governmental agencies. The Organization maintains the financial records and incurs various expenses relating to these programs, which consist primarily of payroll and related expenses. The Organization does not direct the daily activities of such programs.

11. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures such as operating expenses, debt service, and fixed asset purchases not financed with debt financing are as follows:

	2018	2017
Cash and cash equivalents	\$ 1,149,947	\$ 391,203
Investments	3,563,783	4,265,350
Accounts receivable	4,900,046	3,928,240
Total financial assets	9,613,776	8,584,793
Less amounts unavailable for general expenditures within one year, due to:		
Time and purpose restricted	232,418	48,023
Unappropriated endowment earnings	470,321	481,114
Perpetual endowment funds	582,333	582,333
Board designated - scholarship fund	248,342	246,623
Total financial assets available	<u>\$ 8,080,362</u>	<u>\$ 7,226,700</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's main source of liquidity is contracts and fees from government agencies. The Organization also has a line of credit available for short-term cash needs. Although a portion of investments are available for expenditure, it is not the Organization's intention to use investments for operating purposes.

During February 2019, the Organization was awarded \$2,663,000 from New York State Department of Health ("NYSDOH"), a portion of which will be used to pay off debt related to the liabilities accrued for discontinued operations totaling \$1,300,517 (see Note 16) and the note payable to bank, with a current outstanding balance of \$600,000. The confirmation of the debt and contract are in progress between the Organization and NYS DOH. It is anticipated that this debt will be eliminated by December 31, 2019.

Family and Children's Association, Inc. and Affiliate

Notes to Consolidated Financial Statements
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12. Defined Contribution Pension Plans

FCA 403(b) Plan

FCA maintains a Tax-Deferred Annuity Plan as defined under Section 403(b) of the Internal Revenue Code. This Plan provided for employee deferrals only until August 1, 2017, when it was amended to permit employer contributions based on a percentage of each eligible employee's compensation as determined by the FCA Board of Trustees (5 percent for 2017).

FCA 401(a) Plan

FCA sponsored a defined contribution pension plan for employees who were eligible after one year of service. Annual contributions to the Plan were based on a percentage of each eligible employee's compensation, as determined by the Organization's Board of Trustees (5 percent for 2018 and 2017). FCA's Board of Trustees approved the termination of this plan during 2017. Eligible participants were permitted to roll balances into the FCA 403(b) plan or opt for other forms of distribution.

Pension expense for the FCA 403(b) and FCA 401(a) for the years ended December 31, 2018 and 2017 was approximately \$301,000 and \$358,000, respectively.

LICADD 401(a) Plan

Prior to 2017, LICADD sponsored its own plan where contributions were equal to 6 percent of each employee's annual compensation. During the year ended December 31, 2017, the LICADD plan was merged into the FCA 401(a) Plan. Pension expense for the years ended December 31, 2018 and 2017 was approximately \$27,300 and \$18,400 respectively.

LICADD 403(b) Plan

Prior to 2017, LICADD sponsored its own TDA Plan as defined under Section 403(b) of the IRC, which also provided for employee deferrals only. During the year ended December 31, 2017, the LICADD plan was merged into the FCA 403(b) Plan.

13. Commitments and Contingencies

Leases

The Organization is obligated under various noncancellable operating leases for certain of its facilities, expiring through fiscal 2021. Future minimum lease payments under these operating leases as of December 31, 2018 are approximately as follows:

Years ending December 31:	
2019	\$ 371,000
2020	162,000
2021	<u>123,000</u>
Total	<u>\$ 656,000</u>

Rent expense for the years ended December 31, 2018 and 2017 approximated \$688,000 and \$716,000, respectively.

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Litigation

The Organization is subject to lawsuits and claims with respect to matters arising in the normal course of business. The Organization defends its position on all actions. In the opinion of management, the ultimate liabilities, if any, from these lawsuits or claims will not materially affect the financial position of the Organization. Nevertheless, due to the uncertainty of the settlement process, management's view of the outcome may be modified in the future.

14. Government Funding and Rate Adjustments

Substantial funding of programs is provided to the Organization by federal, state and local government agencies. Continuation of such funding is dependent on budgetary allocations from such agencies. In addition, reimbursements under contracts are subject to audit by various agencies on a regular basis. Additional liabilities resulting from future audits are not presently determinable. Changes in contract amounts due or payable resulting from audit adjustments or rate appeals are reflected in the operations of the Organization when such adjustments are determined or can be reasonably estimated.

15. Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable from government agencies and client fees. The Organization places its temporary cash investments with various financial institutions. Accounts receivable are predominately from federal, state and local government agencies, including Medicaid, Medicare, and other third-party and private payors. From time to time, the cash balances exceed the federal depository insurance coverage limit.

16. Discontinued Mental Health Clinic Operations

On December 16, 2011, the Organization's board approved a resolution to discontinue the operations of its Article 31 mental health clinics in West Hempstead and Roosevelt (the "Clinics"). At March 31, 2012, the Clinics ceased operations. Liabilities in the amounts of \$1,300,517 and \$1,531,529 as of December 31, 2018 and 2017, respectively, are segregated on the consolidated statements of financial position related to the discontinued operations.

Family and Children's Association, Inc. and Affiliate

 Consolidating Statement of Financial Position
 December 31, 2018

	Family and Children's Association, Inc.	Long Island Council on Alcoholism and Drug Dependence, Inc.	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 776,566	\$ 373,381	\$ -	\$ 1,149,947
Investments	2,238,962	742,488	-	2,981,450
Accounts receivable, net of allowance of approximately \$94,300 and \$99,300, respectively	4,684,554	215,492	-	4,900,046
Prepaid expenses and other current assets	153,805	14,272	-	168,077
Due from affiliate	18,056	-	(18,056)	-
Total current assets	7,871,943	1,345,633	(18,056)	9,199,520
Investments, Perpetual Endowments	182,333	400,000	-	582,333
Property, Plant and Equipment, Net	3,578,512	21,554	-	3,600,066
Interest in Net Assets of Affiliate	1,653,182	-	(1,653,182)	-
Other Assets	156,206	13,561	-	169,767
Total assets	<u>\$ 13,442,176</u>	<u>\$ 1,780,748</u>	<u>\$ (1,671,238)</u>	<u>\$ 13,551,686</u>
Liabilities and Net Assets				
Current Liabilities				
Notes payable to bank	\$ 630,000	\$ -	\$ -	\$ 630,000
Accounts payable and accrued expenses	1,949,809	53,568	-	2,003,377
Advances	516,857	55,942	-	572,799
Current portion of long-term debt	61,236	-	-	61,236
Due to affiliate	-	18,056	(18,056)	-
Liabilities, discontinued operations (Note 16)	1,300,517	-	-	1,300,517
Total current liabilities	4,458,419	127,566	(18,056)	4,567,929
Long-Term Debt	576,776	-	-	576,776
Other Long-Term Liabilities	14,136	-	-	14,136
Total liabilities	5,049,331	127,566	(18,056)	5,158,841
Net Assets				
Net assets without donor restrictions	7,107,773	594,096	(594,096)	7,107,773
Net assets with donor restrictions	1,285,072	1,059,086	(1,059,086)	1,285,072
Total net assets	8,392,845	1,653,182	(1,653,182)	8,392,845
Total liabilities and net assets	<u>\$ 13,442,176</u>	<u>\$ 1,780,748</u>	<u>\$ (1,671,238)</u>	<u>\$ 13,551,686</u>

Family and Children's Association, Inc. and AffiliateConsolidating Statement of Activities and Change in Net Assets
Year Ended December 31, 2018

	Family and Children's Association, Inc.	Long Island Council on Alcoholism and Drug Dependence, Inc.	Eliminations	Total
Change in Net Assets Without Donor Restrictions from Operations				
Support and revenue:				
Contracts and fees from government agencies	\$ 14,463,214	\$ -	\$ -	\$ 14,463,214
Revenue from services to other agencies	1,107,428	-	-	1,107,428
Other program fees	246,828	683,825	-	930,653
Contributions and grants	807,497	125,772	-	933,269
Special events revenue	844,464	721,951	-	1,566,415
Special event costs of direct benefits to donors	(121,381)	(175,987)	-	(297,368)
Loss from rental operations	(162,575)	-	-	(162,575)
Other income	355,858	-	(59,478)	296,380
Net assets released from restrictions	48,023	-	-	48,023
Total support and revenue	17,589,356	1,355,561	(59,478)	18,885,439
Expenses				
Program services:				
Mental health services	4,717,561	-	-	4,717,561
Runaway and homeless youth services	2,490,607	-	-	2,490,607
Family services	1,283,527	-	-	1,283,527
Services to the aged	2,115,916	-	-	2,115,916
Drug and alcohol services	2,572,267	839,032	-	3,411,299
Independent living services	603,105	-	-	603,105
Adult and children and general counseling services	194,146	-	-	194,146
Scholarship programs	127,524	-	-	127,524
Total program services	14,104,653	839,032	-	14,943,685
Supporting services:				
Management and general	2,234,954	217,478	(59,478)	2,392,954
Fundraising	452,582	242,460	-	695,042
Total supporting services	2,687,536	459,938	(59,478)	3,087,996
Services to other agencies	1,009,812	-	-	1,009,812
Total expenses	17,802,001	1,298,970	(59,478)	19,041,493
Change in net assets without donor restrictions before non-operating activities	(212,645)	56,591	-	(156,054)

Family and Children's Association, Inc. and AffiliateConsolidating Statement of Activities and Change in Net Assets (continued)
Year Ended December 31, 2018

	Family and Children's Association, Inc.	Long Island Council on Alcoholism and Drug Dependence, Inc.	Eliminations	Total
Change in Net Assets Without Donor Restrictions from Non-Operating Activities				
Interest and dividend income, net of fees	\$ 40,492	\$ 1,359	\$ -	\$ 41,851
Net realized gain on sale of investments	131,698	2,013	-	133,711
Unrealized depreciation in fair value of investments	(226,814)	(15,355)	-	(242,169)
Earnings of affiliate	44,608	-	(44,608)	-
	<u>(10,016)</u>	<u>(11,983)</u>	<u>(44,608)</u>	<u>(66,607)</u>
Change in Net Assets Without Donor Restrictions	<u>(222,661)</u>	<u>44,608</u>	<u>(44,608)</u>	<u>(222,661)</u>
Change in Net Assets With Donor Restrictions				
Interest and dividend income, net of fees	-	8,602	-	8,602
Net realized gain on sale of investments	-	11,500	-	11,500
Unrealized depreciation in fair value of investments	-	(30,895)	-	(30,895)
Earnings of affiliate	177,972	-	(177,972)	-
Contributions	43,653	188,765	-	232,418
Net assets released from restrictions	(48,023)	-	-	(48,023)
	<u>173,602</u>	<u>177,972</u>	<u>(177,972)</u>	<u>173,602</u>
Change in net assets with donor restrictions	<u>173,602</u>	<u>177,972</u>	<u>(177,972)</u>	<u>173,602</u>
Change in net assets	<u>(49,059)</u>	<u>222,580</u>	<u>(222,580)</u>	<u>(49,059)</u>
Net Assets, Beginning of Year	<u>8,441,904</u>	<u>1,430,602</u>	<u>(1,430,602)</u>	<u>8,441,904</u>
Net Assets, End of Year	<u>\$ 8,392,845</u>	<u>\$ 1,653,182</u>	<u>\$ (1,653,182)</u>	<u>\$ 8,392,845</u>