

Family and Children's Association, Inc.

Financial Statements

December 31, 2021 and 2020

Family and Children's Association, Inc.

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Family and Children's Association, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Uniondale, New York
June 1, 2022

Family and Children's Association, Inc.

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,204,676	\$ 5,384,862
Investments	2,485,276	2,854,885
Accounts receivable	4,449,519	4,101,489
Prepaid expenses and other current assets	<u>286,023</u>	<u>59,240</u>
Total current assets	9,425,494	12,400,476
Investments, Perpetual Endowment	182,333	182,333
Property, Plant and Equipment, Net	9,153,786	8,234,932
Other Assets	<u>144,469</u>	<u>143,416</u>
Total assets	<u><u>\$ 18,906,082</u></u>	<u><u>\$ 20,961,157</u></u>
Liabilities and Net Assets		
Current Liabilities		
Note payable to bank	\$ -	\$ 1,755,000
Accounts payable and accrued expenses	1,659,880	1,915,654
Advances (Note 9)	670,619	3,366,913
Liabilities, discontinued operations (Note 19)	<u>483,939</u>	<u>796,829</u>
Total liabilities	<u>2,814,438</u>	<u>7,834,396</u>
Net Assets		
Net assets without donor restrictions	15,253,551	12,356,582
Net assets with donor restrictions	<u>838,093</u>	<u>770,179</u>
Total net assets	<u>16,091,644</u>	<u>13,126,761</u>
Total liabilities and net assets	<u><u>\$ 18,906,082</u></u>	<u><u>\$ 20,961,157</u></u>

See notes to financial statements

Family and Children's Association, Inc.

Statements of Activities and Change in Net Assets
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Change in Net Assets Without Donor Restrictions From Operations		
Support and revenue:		
Contracts and fees from government agencies	\$ 15,566,886	\$ 14,528,370
Revenue from services to other agencies	741,214	703,146
Other program fees	539,399	235,350
Contributions and grants	914,935	805,575
Special events revenue	524,191	305,105
Special event costs of direct benefits to donors	(115,176)	(55,360)
Loss from rental operations	-	(262,572)
Other income	3,017,746	447,892
Net assets released from restrictions	236,007	179,088
	<u>21,425,202</u>	<u>16,886,594</u>
Total support and revenue		
Expenses:		
Program services:		
Mental health services	3,900,332	4,058,883
Runaway and homeless youth services	1,407,097	1,484,640
Family services	1,637,082	1,626,984
Services to the aged	2,624,263	2,476,872
Drug and alcohol services	4,264,931	3,515,538
Independent living services	581,843	584,457
Adult and children and general counseling services	193,756	173,428
Scholarship programs	98,585	66,832
	<u>14,707,889</u>	<u>13,987,634</u>
Total program services		
Supporting services:		
Management and general	2,826,013	3,021,744
Fundraising	517,397	409,006
	<u>3,343,410</u>	<u>3,430,750</u>
Total supporting services		
Services to other agencies	<u>663,979</u>	<u>628,580</u>
	<u>18,715,278</u>	<u>18,046,964</u>
Total expenses		
Change in net assets without donor restrictions before nonoperating activities	<u>2,709,924</u>	<u>(1,160,370)</u>

See notes to financial statements

Family and Children's Association, Inc.

Statements of Activities and Change in Net Assets
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Change in Net Assets Without Donor Restrictions From Nonoperating Activities		
Interest and dividend income, net of fees of \$18,803 and \$19,033, respectively	\$ 41,786	\$ 44,235
Net realized gain (loss) on sale of investments	128,666	(47,582)
Unrealized appreciation in fair value of investments	16,593	281,789
Gain on sale of fixed assets	-	3,526,452
	<u>187,045</u>	<u>3,804,894</u>
Change in net assets without donor restrictions from nonoperating activities	187,045	3,804,894
	<u>2,896,969</u>	<u>2,644,524</u>
Change in net assets without donor restrictions	2,896,969	2,644,524
Change in Net Assets With Donor Restrictions		
Contributions	303,921	551,435
Net assets released from restrictions	(236,007)	(179,088)
	<u>67,914</u>	<u>372,347</u>
Change in net assets with donor restrictions	67,914	372,347
	2,964,883	3,016,871
Change in net assets	2,964,883	3,016,871
Net Assets, Beginning	<u>13,126,761</u>	<u>10,109,890</u>
Net Assets, Ending	<u>\$ 16,091,644</u>	<u>\$ 13,126,761</u>

See notes to financial statements

Family and Children's Association, Inc.

Statement of Functional Expenses

Year Ended December 31, 2021 (With Comparative Totals for 2020)

	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	2021 Total Expenses	2020 Total Expenses
Salaries	\$ 2,578,673	\$ 859,679	\$ 959,184	\$ 1,714,385	\$ 2,262,740	\$ 367,553	\$ 102,328	\$ 3,833	\$ 8,848,375	\$ 1,427,812	\$ 69,193	\$ 1,497,005	\$ 346,355	\$ 468,608	\$ 11,160,343	\$ 11,184,459
Payroll taxes and employee benefits	594,204	194,019	222,974	458,895	550,930	89,648	24,500	1,246	2,136,416	415,235	15,422	430,657	77,404	166,831	2,811,308	2,832,034
	3,172,877	1,053,698	1,182,158	2,173,280	2,813,670	457,201	126,828	5,079	10,984,791	1,843,047	84,615	1,927,662	423,759	635,439	13,971,651	14,016,493
Occupancy costs, insurance and utilities	145,915	42,944	16,801	74,466	498,414	64,598	12,596	580	856,314	205,030	-	205,030	17,539	81	1,078,964	1,233,961
Client activity	22,141	16,953	45,086	57,437	46,758	428	22,239	-	211,042	-	-	-	2,936	2,230	216,208	149,431
Contracted services	227,719	121,810	278,298	131,495	428,363	28,159	8,044	1,534	1,225,422	215,561	116,901	332,462	31,583	4,875	1,594,342	1,227,945
House supplies and equipment	14,487	15,709	2,919	989	11,770	278	71	-	46,223	3,023	-	3,023	105	1,155	50,506	51,301
Food and clothing	38,187	34,267	8,882	6,861	16,546	114	1,625	-	106,482	3,204	466	3,670	849	8,273	119,274	111,749
Repairs and maintenance	25,067	30,876	7,890	5,663	21,392	4,835	2,455	-	98,178	9,161	-	9,161	1,073	861	109,273	82,524
Travel	29,014	3,723	9,059	9,745	5,585	4,975	130	-	62,231	665	-	665	108	-	63,004	54,899
Telecommunications	40,240	14,359	22,508	19,279	53,696	9,829	3,272	-	163,183	22,958	-	22,958	1,945	24	188,110	166,474
Office supplies	10,890	4,305	18,937	35,909	19,737	1,679	3,872	82	95,411	13,653	1,390	15,043	2,544	5,069	118,067	94,037
Dues, licenses and permits	5,745	5,221	4,702	959	66,802	2,268	656	-	86,353	35,237	3,031	38,268	35	898	125,554	94,718
Conference and workshops	27,251	1,215	-	-	855	-	-	-	29,321	2,800	-	2,800	-	-	32,121	23,718
Staff development	13,347	8,584	4,303	7,682	19,556	1,403	678	17	55,570	6,750	-	6,750	2,547	1,862	66,729	40,064
Scholarship	-	-	-	-	-	-	-	85,000	85,000	-	-	-	-	-	85,000	56,300
Interest and bank charges	-	-	1,346	-	1,748	-	-	-	3,094	52,298	-	52,298	18,622	-	74,014	95,010
Miscellaneous event expenses	-	169	254	2,949	965	-	853	6,250	11,440	33,389	-	33,389	4,359	117	49,305	14,248
Bad debt and other	-	201	-	-	102,638	-	-	43	102,882	1,042	-	1,042	1,332	-	105,256	84,821
Miscellaneous	712	-	-	-	-	-	-	-	712	-	-	-	250	-	962	2,171
Depreciation and amortization	126,740	53,063	33,939	97,549	156,436	6,076	10,437	-	484,240	171,792	-	171,792	7,811	3,095	666,938	447,100
	<u>\$ 3,900,332</u>	<u>\$ 1,407,097</u>	<u>\$ 1,637,082</u>	<u>\$ 2,624,263</u>	<u>\$ 4,264,931</u>	<u>\$ 581,843</u>	<u>\$ 193,756</u>	<u>\$ 98,585</u>	<u>\$ 14,707,889</u>	<u>\$ 2,619,610</u>	<u>\$ 206,403</u>	<u>\$ 2,826,013</u>	<u>\$ 517,397</u>	<u>\$ 663,979</u>	<u>\$ 18,715,278</u>	<u>\$ 18,046,964</u>

See notes to financial statements

Family and Children's Association, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	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	2020 Total Expenses
Salaries	\$ 2,832,606	\$ 949,093	\$ 953,650	\$ 1,724,991	\$ 2,064,600	\$ 355,784	\$ 112,752	\$ 4,776	\$ 8,998,252	\$ 1,407,615	\$ 75,310	\$ 1,482,925	\$ 246,304	\$ 456,978	\$ 11,184,459
Payroll taxes and employee benefits	647,368	249,010	185,440	481,901	538,379	100,851	20,581	796	2,224,326	382,945	21,528	404,473	70,476	132,759	2,832,034
	3,479,974	1,198,103	1,139,090	2,206,892	2,602,979	456,635	133,333	5,572	11,222,578	1,790,560	96,838	1,887,398	316,780	589,737	14,016,493
Occupancy costs, insurance and utilities	129,624	43,516	36,303	61,089	455,260	61,941	6,650	861	795,244	422,791	-	422,791	15,926	-	1,233,961
Client activity	27,163	19,821	28,750	53,955	7,034	1,255	2,649	-	140,627	30	-	30	6,213	2,561	149,431
Contracted services	181,985	50,504	293,148	87,874	176,232	29,030	7,490	2,514	828,777	245,281	100,890	346,171	48,349	4,648	1,227,945
House supplies and equipment	18,722	18,517	3,797	1,200	4,378	764	1,567	-	48,945	1,561	-	1,561	118	677	51,301
Food and clothing	36,607	38,845	10,200	764	3,756	2,052	813	-	93,037	951	-	951	498	17,263	111,749
Repairs and maintenance	18,791	27,297	5,186	3,346	16,728	2,769	1,117	-	75,234	6,437	-	6,437	853	-	82,524
Travel	28,874	1,354	7,256	8,430	2,442	1,950	244	-	50,550	4,288	-	4,288	-	61	54,899
Telecommunications	25,144	16,369	27,873	14,556	52,410	10,690	4,574	-	151,616	13,873	-	13,873	724	261	166,474
Office supplies	7,577	5,967	19,078	12,188	19,145	8,096	3,750	-	75,801	13,407	167	13,574	2,046	2,616	94,037
Dues, licenses and permits	7,856	4,067	6,202	2,956	13,161	938	350	83	35,613	57,091	888	57,979	780	346	94,718
Conference and workshops	23,543	-	-	-	-	-	175	-	23,718	-	-	-	-	-	23,718
Staff development	6,117	10,256	2,894	6,518	8,356	985	733	-	35,859	2,554	87	2,641	164	1,400	40,064
Scholarship	-	-	-	-	-	-	-	56,300	56,300	-	-	-	-	-	56,300
Interest and bank charges	1,479	-	2,169	30	832	-	-	-	4,510	80,423	-	80,423	10,077	-	95,010
Miscellaneous event expenses	-	28	680	1,052	937	22	28	1,502	4,249	5,684	3,116	8,800	1,199	-	14,248
Bad debt and other	10,302	799	313	417	14,032	187	45	-	26,095	51,999	-	51,999	155	6,572	84,821
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	2,171	-	2,171
Depreciation and amortization	55,125	49,197	44,045	15,605	137,856	7,143	9,910	-	318,881	122,828	-	122,828	2,953	2,438	447,100
	\$ 4,058,883	\$ 1,484,640	\$ 1,626,984	\$ 2,476,872	\$ 3,515,538	\$ 584,457	\$ 173,428	\$ 66,832	\$ 13,987,634	\$ 2,819,758	\$ 201,986	\$ 3,021,744	\$ 409,006	\$ 628,580	\$ 18,046,964

* Included in management and general is approximately \$321,000 of costs associated with the donated building. See Note 6.

See notes to financial statements

Family and Children's Association, Inc.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,964,883	\$ 3,016,871
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	666,938	453,982
Write off of debt issuance costs	-	27,006
Gain on sale of fixed assets	-	(3,526,452)
Net realized and unrealized gain on investments	(145,259)	(234,207)
(Increase) decrease in operating assets:		
Accounts receivable	(348,030)	467,798
Prepaid expenses and other current assets	(226,783)	36,659
Other assets	(1,053)	13,307
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(255,774)	(607,139)
Advances	(2,696,294)	3,168,452
Liabilities, discontinued operations	(312,890)	(234,291)
Other long-term liabilities	-	(12,750)
Net cash flows from operating activities	<u>(354,262)</u>	<u>2,569,236</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,585,792)	(2,174,856)
Proceeds from sale of fixed assets, net	-	4,190,299
Purchase of investments	(1,717,746)	(816,710)
Proceeds from the sale of investments	<u>2,232,614</u>	<u>773,211</u>
Net cash flows from investing activities	<u>(1,070,924)</u>	<u>1,971,944</u>
Cash Flows From Financing Activities		
Payments of note payable	(1,755,000)	-
Payments on long-term debt	-	(56,427)
Net cash flows from financing activities	<u>(1,755,000)</u>	<u>(56,427)</u>
Net (decrease) increase in cash and cash equivalents	(3,180,186)	4,484,753
Cash and Cash Equivalents, Beginning	<u>5,384,862</u>	<u>900,109</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,204,676</u>	<u>\$ 5,384,862</u>
Noncash Activities		
Fixed asset purchases in accounts payable and accrued expenses	<u>\$ -</u>	<u>\$ 294,195</u>
Repayment of debt and closing costs from sale of fixed assets	<u>\$ -</u>	<u>\$ 784,728</u>
Supplemental Information		
Interest paid	<u>\$ 39,780</u>	<u>\$ 90,454</u>

See notes to financial statements

Family and Children's Association, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

1. Description of Organization and Summary of Significant Accounting Policies

Nature of Operations

Family and Children's Association, Inc. (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.

The Organization provides a broad range of programs and services, all of which are designed to support families who are experiencing economic, vocational, health or mental challenges. Assistance is provided through professional counseling, case management support and other activities designed to enhance family, individual and community functioning. The Organization assists with more than 30,000 Long Islanders per year, providing services such as mental health counseling, family support, drug and alcohol treatment, addiction recovery support services, runaway and homeless youth counseling, crisis intervention, case management, advocacy and screened referrals, programs for local seniors and residential services for disadvantaged populations.

In March 2020, the Organization launched a Capital/Endowment Fund Campaign (the Campaign). The Campaign was designed to address the current and future needs of the Organization and Long Island's most vulnerable community members, but was hampered as the COVID crisis began. The Campaign continues into 2022 and the future.

During 2019, the Trieber Foundation donated 28,000 square feet of office space, an entire floor, valued at approximately \$3,300,000. The Organization relocated to its new headquarters in March 2021. The new state of the art program and operations hub enabled the Organization to expand services to further meet the needs of seniors, families and children of Long Island, New York. The Americans With Disabilities Act (ADA) compliant space is accessible for the Organization's senior and physically challenged program participants, staff and visitors and is centrally located on Oak Street in Garden City, New York. The ADA accessibility is especially important as the Organization continues to expand services to the Nassau County senior population. The new office space provides the infrastructure to meet the needs of the community and its residents.

Basis of Presentation

The 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).

Revenue From Contracts

Revenue from contracts includes fees for services revenues, comprised mostly of self-pay and third-party reimbursements, including Medicaid. Such revenues are recognized at the point in time services are rendered at amounts estimated to be collectible.

Revenue from contracts also includes rental fees under leases with tenants. Rental income is recorded in the month space is provided at amounts estimated to be collectible under the leases.

A portion of special events revenue represents a reciprocal transaction equal to the cost of direct benefits to donors with the remainder representing contributions. For the years ended December 31, 2021 and 2020, direct benefits to donors were \$115,176 and \$55,360, respectively. Subsequent adjustments to amounts estimated to be collectible for revenue from contracts are recorded as adjustments to revenue when made.

Family and Children's Association, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

Contribution Income

Government Support

Revenues from government grants, which are conditional grants, are recognized when earned, generally by incurring qualifying expenses. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as performance obligations are met.

Contributions and Grants

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 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. Conditional contributions, which contain both a barrier and right of return or release, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

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.

As of December 31, 2021, the Organization has been awarded cost reimbursements and other conditional grants that have not been recognized as income in the amount of approximately \$11,863,000.

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 financial statements for the years ended December 31, 2021 and 2020, as it does not meet the criteria for recognition under U.S. GAAP.

Family and Children's Association, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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 in the fair value of investments is reflected in the accompanying 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 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. Most expenses are directly charged to the applicable functional category based on actual costs. 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.

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, 2021 and 2020.

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 financial statements to comply with the provisions of FASB ASC No. 740.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Family and Children's Association, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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 government support, contributions and grants 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 June 1, 2022, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (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 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, 2021. Management is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities may elect the optional expedients and exceptions included in ASU 2020-04 as of March 12, 2020 and through December 31, 2022. Management is currently assessing the effect that electing the optional expedients and exceptions included in ASU 2020-04 would have on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Management is currently evaluating the impact of ASU 2020-07 on the Organization's financial statements.

Family and Children's Association, Inc.

Notes to Financial Statements
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2. Revenue From Contracts

The Organization disaggregates revenue reciprocal from contracts by types of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Performance obligations are satisfied as services are rendered. Payments are due upon receipt of related billing. The following tables represent amounts included in contracts and fees from government agencies, revenue from services to other agencies, and other program fees on the statements of activities and change in net assets for the years ended December 31, 2021 and 2020, respectively:

	2021						
	Mental Health	Family Services	Services to the Aged	Drug and Alcohol	Residential	Other	Total
Revenue from contracts:							
Medicaid	\$ 132,892	\$ -	\$ -	\$ 53,459	\$ 2,316,126	\$ -	\$ 2,502,477
Health Homes	1,086,924	-	-	-	-	-	1,086,924
Medicaid Managed Care	261,847	-	-	478,434	-	-	740,281
Client fees	-	236,153	112,073	182,719	-	-	530,945
Rental income	-	-	-	14,600	-	9,128	23,728
Medicare	-	-	-	27,709	-	-	27,709
SSI	-	-	-	-	146,192	-	146,192
Other	350	-	-	2,600	5,048	-	7,998
Total revenue from contracts	<u>\$ 1,482,013</u>	<u>\$ 236,153</u>	<u>\$ 112,073</u>	<u>\$ 759,521</u>	<u>\$ 2,467,366</u>	<u>\$ 9,128</u>	<u>\$ 5,066,254</u>
	2020						
	Mental Health	Family Services	Services to the Aged	Drug and Alcohol	Residential	Other	Total
Revenue from contracts:							
Medicaid	\$ 435,992	\$ -	\$ -	\$ 50,376	\$ 1,693,897	\$ -	\$ 2,180,265
Health Homes	1,260,422	-	-	-	-	-	1,260,422
Medicaid Managed Care	255,470	-	-	513,089	-	-	768,559
Client fees	-	182,016	16,287	172,102	-	-	370,405
Rental income	-	-	-	28,800	-	83,729	112,529
Medicare	-	-	-	12,407	-	-	12,407
SSI	-	-	-	-	143,387	-	143,387
Total revenue from contracts	<u>\$ 1,951,884</u>	<u>\$ 182,016</u>	<u>\$ 16,287</u>	<u>\$ 776,774</u>	<u>\$ 1,837,284</u>	<u>\$ 83,729</u>	<u>\$ 4,847,974</u>

Accounts receivable as of December 31, 2021 and 2020, respectively, included \$1,017,075 and \$762,039 related to revenue from contracts.

Family and Children's Association, Inc.

Notes to Financial Statements
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3. Investments

Investments are valued based on Level 1 and Level 2 inputs. The Organization had no Level 3 investments as of December 31, 2021 or 2020.

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

December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Corporate stocks	\$ 1,352,044	\$ -	\$ 1,352,044	\$ 875,996
Corporate bonds	-	1,252,667	1,252,667	1,226,292
Total	<u>\$ 1,352,044</u>	<u>\$ 1,252,667</u>	2,604,711	<u>\$ 2,102,288</u>
Cash and cash equivalents			62,898	
Total investments			<u>\$ 2,667,609</u>	

December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Corporate stocks	\$ 1,179,160	\$ -	\$ 1,179,160	\$ 817,419
Corporate bonds	-	1,574,703	1,574,703	1,450,614
Total	<u>\$ 1,179,160</u>	<u>\$ 1,574,703</u>	2,753,863	<u>\$ 2,268,033</u>
Cash and cash equivalents			283,355	
Total investments			<u>\$ 3,037,218</u>	

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

	2021	2020
Unrealized appreciation, beginning	\$ 485,830	\$ 204,041
Unrealized appreciation in fair value of investments	16,593	281,789
Unrealized appreciation, ending	<u>\$ 502,423</u>	<u>\$ 485,830</u>

Interest and dividend income approximated \$42,000 and \$19,000, respectively, for 2021 and \$47,000 and \$16,200, respectively, for 2020.

Family and Children's Association, Inc.

Notes to Financial Statements

December 31, 2021 and 2020

4. Operating Measure and Transfer From Investments

The Organization uses a measure of operations that excludes investment income and gain (loss) on sale of fixed assets 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 years ended December 31, 2021 and 2020, there were no transfers from investments.

5. 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.

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.

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.

Family and Children's Association, Inc.

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

	2021			
	Board Designated	With Donor Restrictions		
		Original Gift	Accumulated Gains	Total
Board designated endowment funds	\$ 251,499	\$ -	\$ -	\$ 251,499
Donor-restricted endowment funds	-	182,333	-	182,333
Total	<u>\$ 251,499</u>	<u>\$ 182,333</u>	<u>\$ -</u>	<u>\$ 433,832</u>

	2020			
	Board Designated	With Donor Restrictions		
		Original Gift	Accumulated Gains	Total
Board designated endowment funds	\$ 248,798	\$ -	\$ -	\$ 248,798
Donor-restricted endowment funds	-	182,333	-	182,333
Total	<u>\$ 248,798</u>	<u>\$ 182,333</u>	<u>\$ -</u>	<u>\$ 431,131</u>

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

	2021	
	Board Designated	Net Assets With Donor Restrictions
Net assets, beginning of year	\$ 248,798	\$ 182,333
Investment income, net of appropriations	2,701	-
Net assets, end of year	<u>\$ 251,499</u>	<u>\$ 182,333</u>

	2020	
	Board Designated	Net Assets With Donor Restrictions
Net assets, beginning of year	\$ 248,893	\$ 182,333
Investment income, net of appropriations	(95)	-
Net assets, end of year	<u>\$ 248,798</u>	<u>\$ 182,333</u>

Family and Children's Association, Inc.

Notes to Financial Statements
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6. Property, Plant and Equipment, Net

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

	<u>2021</u>	<u>2020</u>
Land	\$ 504,000	\$ 504,000
Furniture and equipment	2,233,751	1,554,611
Building and improvements	9,752,548	7,282,000
Vehicles	773,028	449,568
Construction in progress	126,444	2,132,125
Total	13,389,771	11,922,304
Accumulated depreciation and amortization	4,235,985	3,687,372
Property, plant and equipment, net	<u>\$ 9,153,786</u>	<u>\$ 8,234,932</u>

Total depreciation and amortization expense for the years ended December 31, 2021 and 2020 approximated \$667,000 and \$447,000, respectively, including approximately \$33,300 of depreciation expense that has been offset against income from rental operations for the year ended December 31, 2020. For the year ended December 31, 2021, there was no depreciation expense offset against income from rental operations.

Included in buildings and improvements as of December 31, 2021 and 2020 is a donated building with original cost of \$3,320,000, contributed for the purpose of providing new office space to the Organization for its administrative and certain program functions.

In September 2020, the Organization sold its building located at 100 East Old Country Road in Mineola, New York for proceeds of \$4,250,000, recognizing a gain of approximately \$3,174,000. The Organization also sold a building for proceeds of \$490,000, recognizing a gain of approximately \$352,000.

As of December 31, 2020, future commitments of approximately \$261,000 relate to signed construction contracts.

7. Note Payable to Bank

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 expires November 30, 2022. Interest is payable at the 30 day LIBOR rate (0.10% and 0.15% as of December 31, 2021 and 2020, respectively), plus 2.75%, with a floor rate of 3.0%. The line of credit agreement requires the Organization to maintain a minimum of \$5,000,000 of net assets without donor restrictions at all times. There was no outstanding balance on the line as of December 31, 2021. As of December 31, 2020, \$1,755,000 was outstanding on the line.

Interest expense on the line for the years ended December 31, 2021 and 2020 approximated \$40,000 and \$66,000, respectively.

Family and Children's Association, Inc.

Notes to Financial Statements
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8. Paycheck Protection Program

On May 4, 2020, the Organization received loan proceeds in the amount of \$3,023,238 under the Paycheck Protection Program (PPP) which was established as part of Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization elected to account for the PPP funds as a conditional contribution and recorded the PPP loan as advances as of December 31, 2020.

As of December 31, 2021, the Organization had expended all of the PPP received on qualified expenses, met all conditions attached to the PPP, and on October 9, 2021, received notice from the SBA that forgiveness of the \$3,023,238 of the PPP proceeds was granted. Therefore, the Organization has recorded other income in the amount of \$3,023,238 within its accompanying statement of activities and change in net assets for the year ended December 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after the forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

9. Provider Relief Funds

In March 2020, the CARES Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund (PRF) to provide financial support for healthcare providers. In accordance with the terms and conditions of PRF, the Organization could apply the funding against lost revenues and eligible expenses not reimbursed from other sources. The Organization received PRF payments of \$253,000 in 2020.

Other income includes amounts received from federal, state and other funding sources related to the COVID-19 pandemic. The Organization accounts for this funding in accordance with the FASB ASC 958-605 guidance for conditional contributions and accordingly, revenues are recognized when barriers are substantially met, which occurs when the Organization complies with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

The Organization incurred lost revenues and eligible expenses of \$253,000 in 2020 in accordance with the terms of the respective funding sources. These amounts were recognized and included in other income in the accompanying statements of activities and change in net assets.

The Organization's methodology for calculating lost revenues was the difference between 2019 actual program service revenues as compared to actual program service revenues in 2020.

The majority of the funding received is subject to future reporting and audit requirements. Noncompliance with the terms and conditions of the funding sources could result in repayment of some or all of the support, which can be subject to government review and interpretation.

Family and Children's Association, Inc.

Notes to Financial Statements
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10. Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Capital Campaign, purpose restricted	\$ 296,000	\$ 296,000
Nursery Coop, time and purpose restricted	324,116	242,299
Learning Center, purpose restricted	1,443	25,000
Scholarship, purpose restricted	6,799	11,066
Camp, purpose restricted	14,747	826
Adopt-a-family, walkabout, purpose restricted	<u>12,655</u>	<u>12,655</u>
Total subject to expenditure for specified purposes	655,760	587,846
Perpetual endowment fund	<u>182,333</u>	<u>182,333</u>
Total	<u>\$ 838,093</u>	<u>\$ 770,179</u>

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 for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Nursery Coop	\$ 208,183	\$ 173,542
Family Ties	-	2,431
Adopt-a-family, walkabout	-	1,560
Project THRIVE	-	1,087
Lakeview Prom	-	468
Scholarship	4,267	-
Learning Center	<u>23,557</u>	<u>-</u>
Total	<u>\$ 236,007</u>	<u>\$ 179,088</u>

11. Special Events Revenue

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

	<u>2021</u>		
	<u>Gross Revenue</u>	<u>Costs of Direct Benefits to Donors</u>	<u>Net Revenue</u>
Holiday Ball	\$ 236,879	\$ 40,419	\$ 196,460
Golf outings	159,439	74,037	85,402
Scholarship event	110,794	-	110,794
Other	<u>17,079</u>	<u>720</u>	<u>16,359</u>
Total	<u>\$ 524,191</u>	<u>\$ 115,176</u>	<u>\$ 409,015</u>

Family and Children's Association, Inc.

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	2020		
	Gross Revenue	Costs of Direct Benefits to Donors	Net Revenue
Holiday Ball	\$ 127,021	\$ 4,906	\$ 122,115
Golf outings	99,846	48,889	50,957
Scholarship event	77,778	1,496	76,282
Other	460	69	391
Total	<u>\$ 305,105</u>	<u>\$ 55,360</u>	<u>\$ 249,745</u>

12. 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.

13. Liquidity and Availability of Resources

The Organization's financial assets available within one year of December 31, 2021 and 2020 for general expenditures such as operating expenses and fixed asset purchases not financed with debt financing are as follows:

	2021	2020
Cash and cash equivalents	\$ 2,204,676	\$ 5,384,862
Investments	2,667,609	3,037,218
Accounts receivable	4,449,519	4,101,489
Total financial assets	9,321,804	12,523,569
Less amounts unavailable for general expenditures within one year, due to:		
Time and purpose restricted	655,760	587,846
Perpetual endowment fund	182,333	182,333
Board designated, scholarship fund	251,499	248,798
Total financial assets available	<u>\$ 8,232,212</u>	<u>\$ 11,504,592</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 a grant from the New York State Department of Health (NYSDOH), a portion of which was to be used to pay off allowable debt related to the 1199 pension liability in the amount of approximately \$632,000. As of the date of this report, NYSDOH is preparing the contract for the pension liability payoff. Additionally, the Organization is requesting continued review of its request for grant funds for reimbursement of amounts disbursed in 2020 to repay the mortgage note on its building at 100 East Old Country Road.

Family and Children's Association, Inc.

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14. Related-Party Transactions

During the years ended December 31, 2021 and 2020, the Organization received discounted legal and banking services from entities in which two board members are partners or employees. Amounts incurred for such legal and banking services were approximately \$44,000 and \$45,000 during the year ended December 31, 2021, respectively, and \$111,000 and \$116,000 during the year ended December 31, 2020, respectively. Both arrangements were disclosed and approved by the Board of Trustees.

15. Defined Contribution Pension Plan

403(b) Plan

The Organization 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 Organization's board of trustees (5% for 2021 and 2020).

Pension expense for the years ended December 31, 2021 and 2020 was approximately \$398,000 and \$442,000, respectively.

16. Commitments and Contingencies

Leases

The Organization is obligated under various noncancellable operating leases for certain of its facilities, expiring through fiscal 2026. Future minimum lease payments under these operating leases as of December 31, 2021 are approximately as follows:

Years ending December 31:	
2022	\$ 304,000
2023	276,000
2024	282,000
2025	162,000
2026	68,000
	<hr/>
Total	\$ 1,092,000

Rent expense for the years ended December 31, 2021 and 2020 approximated \$441,000 and \$451,000, respectively.

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.

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17. 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.

18. 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.

19. 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). As of March 31, 2012, the Clinics ceased operations. Liabilities in the amounts of \$483,939 and \$796,829 as of December 31, 2021 and 2020, respectively, are segregated on the statements of financial position related to the discontinued mental health clinic operations.