

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

Financial Statements

December 31, 2023 and 2022

# Family and Children's Association, Inc.

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Table of Contents

December 31, 2023 and 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## 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, 2023 and 2022, and the related statements of activities and change in net assets and functional expenses for the year ended December 31, 2023 and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and the change in its net assets for the year ended December 31, 2023 and its cash flows for the years ended December 31, 2023 and 2022 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.

### Other Matter

#### Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2023. In our opinion, the summarized comparative information on the statements of activities and change in net assets and functional expenses presented herein for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### 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  
May 30, 2024

# Family and Children's Association, Inc.

## Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,544,136	\$ 2,289,801
Investments	2,203,604	2,144,997
Accounts receivable	5,783,837	5,441,832
Prepaid expenses and other current assets	244,269	224,483
Total current assets	9,775,846	10,101,113
<b>Investments, Perpetual Endowment</b>	405,688	383,899
<b>Property, Plant and Equipment, Net</b>	8,732,986	8,959,528
<b>Other Assets</b>	261,821	182,187
<b>Right-of-Use Assets</b>	1,080,003	1,104,029
Total assets	<u>\$ 20,256,344</u>	<u>\$ 20,730,756</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,735,178	\$ 1,461,759
Advances	1,477,698	1,951,164
Current portion of operating lease liabilities	484,544	498,559
Liabilities, discontinued operations	-	608,682
Total current liabilities	3,697,420	4,520,164
<b>Other Liabilities</b>	171,793	141,234
<b>Long-Term Operating Lease Liabilities</b>	650,531	658,130
Total liabilities	<u>4,519,744</u>	<u>5,319,528</u>
<b>Net Assets</b>		
Net assets without donor restrictions	14,959,036	14,550,729
Net assets with donor restrictions	777,564	860,499
Total net assets	<u>15,736,600</u>	<u>15,411,228</u>
Total liabilities and net assets	<u>\$ 20,256,344</u>	<u>\$ 20,730,756</u>

See notes to financial statements

**Family and Children's Association, Inc.**Statement of Activities and Change in Net Assets  
Year Ended December 31, 2023 (With Comparative Totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>	<u>Total 2022</u>
<b>Operating Support and Revenues</b>				
Contracts and fees from government agencies	\$ 20,864,065	\$ -	\$ 20,864,065	\$ 17,773,192
Revenue from services to other agencies	239,738	-	239,738	520,994
Other program fees	704,405	-	704,405	534,809
Contributions and grants	695,949	260,602	956,551	1,158,308
Special events revenue	561,416	-	561,416	472,355
Special event costs of direct benefits to donors	(141,120)	-	(141,120)	(113,323)
Contributed nonfinancial assets	153,409	-	153,409	45,772
Other income	65,803	-	65,803	492,099
Net assets released from restrictions	365,326	(365,326)	-	-
Total operating support and revenues	<u>23,508,991</u>	<u>(104,724)</u>	<u>23,404,267</u>	<u>20,884,206</u>
<b>Expenses</b>				
Program services:				
Mental health and wellness	2,166,791	-	2,166,791	2,266,346
Residential services	2,620,989	-	2,620,989	2,873,507
Prevention and community engagement	3,547,848	-	3,547,848	2,749,810
Senior and adult services	3,795,744	-	3,795,744	2,972,525
Harm reduction and recovery	3,014,646	-	3,014,646	2,941,304
Clinical services	3,180,410	-	3,180,410	2,351,460
Scholarship programs	64,273	-	64,273	85,024
Total program services	<u>18,390,701</u>	<u>-</u>	<u>18,390,701</u>	<u>16,239,976</u>
Supporting services:				
Management and general	4,151,092	-	4,151,092	3,905,522
Fundraising	660,895	-	660,895	652,723
Total supporting services	<u>4,811,987</u>	<u>-</u>	<u>4,811,987</u>	<u>4,558,245</u>
Services to other agencies	<u>210,790</u>	<u>-</u>	<u>210,790</u>	<u>392,185</u>
Total expenses	<u>23,413,478</u>	<u>-</u>	<u>23,413,478</u>	<u>21,190,406</u>
Change in net assets from operating activities	<u>95,513</u>	<u>(104,724)</u>	<u>(9,211)</u>	<u>(306,200)</u>
<b>Nonoperating Activities</b>				
Interest and dividends, net of fees	78,762	21,789	100,551	71,006
Net realized gain (loss) on sale of investments	23,912	-	23,912	(11,420)
Unrealized appreciation (depreciation) in fair value of investments	210,120	-	210,120	(371,030)
Change in net assets from nonoperating activities	<u>312,794</u>	<u>21,789</u>	<u>334,583</u>	<u>(311,444)</u>
Change in net assets	408,307	(82,935)	325,372	(617,644)
<b>Net Assets, Beginning</b>	<u>14,550,729</u>	<u>860,499</u>	<u>15,411,228</u>	<u>16,028,872</u>
<b>Net Assets, Ending</b>	<u>\$ 14,959,036</u>	<u>\$ 777,564</u>	<u>\$ 15,736,600</u>	<u>\$ 15,411,228</u>

See notes to financial statements

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

## Statement of Functional Expenses

Year Ended December 31, 2023 (With Comparative Totals for 2022)

	<b>Mental Health and Wellness</b>	<b>Residential Services</b>	<b>Prevention and Community Engagement</b>	<b>Senior and Adult Services</b>	<b>Harm Reduction and Recovery</b>	<b>Clinical Services</b>	<b>Scholarship Programs</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Services to Other Agencies</b>	<b>2023 Total Expenses</b>	<b>2022 Total Expenses</b>
Salaries	\$ 1,397,687	\$ 1,773,009	\$ 2,014,433	\$ 2,521,211	\$ 1,330,500	\$ 1,628,255	\$ -	\$ 10,665,095	\$ 2,244,413	\$ 435,786	\$ 112,012	\$ 13,457,306	\$ 12,512,060
Payroll taxes and employee benefits	366,823	332,468	461,102	652,832	342,172	386,127	-	2,541,524	610,805	62,119	69,492	3,283,940	3,030,541
	1,764,510	2,105,477	2,475,535	3,174,043	1,672,672	2,014,382	-	13,206,619	2,855,218	497,905	181,504	16,741,246	15,542,601
Occupancy costs, insurance and utilities	121,586	83,356	177,030	108,036	394,456	216,950	-	1,101,414	189,297	11,802	-	1,302,513	1,112,290
Client activities	19,879	38,780	178,198	100,232	334,543	18,527	-	690,159	-	-	-	690,159	453,473
Contracted services	54,630	40,727	356,094	82,505	235,910	595,909	370	1,366,145	860,966	21,954	-	2,249,065	1,917,563
House supplies and equipment	614	34,834	18,109	459	12,671	7,593	-	74,280	-	-	-	74,280	78,961
Food and clothing	2,451	102,095	39,564	10,784	37,543	15,475	-	207,912	4,725	395	28,780	241,812	199,514
Repairs and maintenance	9,695	46,434	20,866	19,773	19,560	5,756	-	122,084	9,477	679	-	132,240	91,360
Travel	22,717	2,729	37,990	34,839	21,189	9,232	48	128,744	10,459	800	-	140,003	109,216
Telecommunications	38,645	25,250	46,936	22,119	26,772	23,610	-	183,332	21,247	2,010	-	206,589	202,411
Office supplies	12,011	27,908	52,912	56,923	114,624	97,641	89	362,108	18,010	5,055	75	385,248	182,164
Dues, licenses and permits	1,474	6,354	5,841	9,594	7,711	7,599	-	38,573	37,965	19,239	-	95,777	95,941
Conference and workshops	16,419	-	278	1,344	2,931	1,614	-	22,586	4,048	170	-	26,804	42,599
Staff development	11,747	8,447	17,890	15,597	8,664	78,031	-	140,376	17,753	3,516	-	161,645	108,799
Scholarship	-	-	-	-	-	-	61,786	61,786	-	-	-	61,786	72,739
Interest and bank charges	-	-	210	15	-	2,073	309	2,607	3,258	1,937	10	7,812	33,722
Bad debt and other	-	-	-	-	-	-	-	-	-	-	-	-	147,995
Miscellaneous	148	1,680	652	2,037	11,352	17	1,671	17,557	5,260	85,105	421	108,343	56,703
Depreciation and amortization	90,265	96,918	119,743	157,444	114,048	86,001	-	664,419	113,409	10,328	-	788,156	742,355
	<u>\$ 2,166,791</u>	<u>\$ 2,620,989</u>	<u>\$ 3,547,848</u>	<u>\$ 3,795,744</u>	<u>\$ 3,014,646</u>	<u>\$ 3,180,410</u>	<u>\$ 64,273</u>	<u>\$ 18,390,701</u>	<u>\$ 4,151,092</u>	<u>\$ 660,895</u>	<u>\$ 210,790</u>	<u>\$ 23,413,478</u>	<u>\$ 21,190,406</u>

See notes to financial statements

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

## Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 325,372	\$ (617,644)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	788,156	742,355
Net realized and unrealized (gain) loss on investments	(234,032)	382,450
Net accretion of operating leases	2,412	(10,512)
Loss on disposition of fixed assets	19,761	-
(Increase) decrease in operating assets:		
Accounts receivable	(342,005)	(992,313)
Prepaid expenses and other current assets	(19,786)	61,540
Other assets	(79,634)	(37,718)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	273,419	(93,121)
Advances	(473,466)	1,280,545
Other liabilities	30,559	36,234
Liabilities, discontinued operations	(608,682)	124,743
Net cash flows from operating activities	<u>(317,926)</u>	<u>876,559</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(581,375)	(548,097)
Purchase of investments	(594,894)	(517,700)
Proceeds from the sale of investments	748,530	474,363
Net cash flows from investing activities	<u>(427,739)</u>	<u>(591,434)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from note payable	-	450,000
Payments of note payable	-	(450,000)
Net cash flows from financing activities	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(745,665)	285,125
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,289,801</u>	<u>2,004,676</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 1,544,136</u>	<u>\$ 2,289,801</u>
<b>Supplemental Information</b>		
Interest paid	<u>\$ -</u>	<u>\$ 7,631</u>

See notes to financial statements



# Family and Children's Association, Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## 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.

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 health 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 35,000 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.

### Basis of Presentation

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

### Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information on the statements of activities and change in net assets and functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity U.S. GAAP. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

### 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.

### Investments

Investments consist primarily of cash and cash equivalents, common stocks, corporate bonds and mutual funds, which are carried at fair value. The change in unrealized appreciation (depreciation) in the fair value of investments is reflected in the accompanying statement of activities and change in net assets. Common stocks and mutual funds are valued based on quoted prices of identical assets in active markets. Corporate bonds are valued based on use of observable inputs for comparable securities.

### 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 \$5,000 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.

# Family and Children's Association, Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## Operating Leases

The Organization recognizes right-of-use assets and operating lease liabilities for its operating leases based on the net present value of future minimum lease payments. Lease expense is recognized on a straight-line basis over the noncancelable lease term, including renewal periods that are considered to be reasonably certain.

## Net Assets

Net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Net assets which are not subject to donor restrictions and are available for general operations. Included in net assets without donor restrictions are Board-designated amounts which have been designated by the Organization's Board of Trustees for scholarships.

**Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor or grantor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the restrictions expire, either with the passage of time or other events specified by the donor, net assets with donor restrictions are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Dependent upon the restriction imposed by the donor, earnings are maintained in perpetuity or may be utilized for operational purposes.

## 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.

## 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. Subsequent adjustments to amounts estimated to be collectible for revenue from contracts are recorded as adjustments to revenue.

Special events revenue represents a reciprocal transaction equal to the cost of direct benefits to donors with the remainder representing contribution revenue.

## 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 when allowable expenses are incurred. Performance-based grants are recognized when performance obligations are met.

# Family and Children's Association, Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## 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. 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.

Unconditional promises to give are initially recorded and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

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, 2023, the Organization has been awarded cost reimbursements and other conditional grants that have not been recognized as income in the amount of approximately \$18,589,000.

## Contributed Nonfinancial Assets

Volunteers contribute significant amounts of time for program services, administration and fundraising activities. The value of this contributed time is not reflected in the accompanying financial statements for the years ended December 31, 2023 and 2022, as it does not meet the criteria for recognition under U.S. GAAP. Contributed goods and vehicles are recorded at fair value at the date of donation based on purchase price of similar items and were utilized for programs.

## Allowance for Credit Losses

The Organization recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. Such receivables are written off when the Organization determines that such receivables are deemed uncollectible.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on accounts receivable arising from reciprocal transactions. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. As of December 31, 2023, the allowance for credit losses was \$305,636. As of December 31, 2022, prior to the adoption of ASU No. 2016-13, an allowance for doubtful accounts for such receivables of \$328,582 was recorded.

## Allowance for Doubtful Accounts

The Organization also recognizes an allowance for doubtful accounts for receivables arising from nonreciprocal revenue. Management specifically analyzes historical bad debts, ability and intent to pay, current funding trends and changes in payment terms and rates when evaluating the adequacy of the allowance for doubtful accounts. No allowance for doubtful accounts was considered necessary as of December 31, 2023 and 2022.

# Family and Children's Association, Inc.

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Notes to Financial Statements  
December 31, 2023 and 2022

## Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and change in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are directly identified to specific programs or supporting functions and are recorded accordingly. Allocated expenses include salaries, payroll taxes and fringe benefits which are allocated based on estimates of time and effort. Other allocated expenses include occupancy, repairs and maintenance, depreciation, amortization and insurance, which are allocated based on square footage.

## Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Organization qualifies for the charitable contribution deduction as it qualifies as a public charity. The Organization is required to file a Return of Organization Exempt from Income Taxes (Form 990) with the Internal Revenue Service. It is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax.

## 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 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.

## Recent Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. This ASU does not apply to receivables arising from nonreciprocal transactions. On January 1, 2023, the Organization adopted the ASU using the modified retrospective transition approach of the period of adoption. There was no adjustment to net assets upon adoption. Disclosures have been included within the financial statements to meet the requirements of Topic 326.

## Reclassifications

Certain 2022 amounts have been reclassified to conform with the 2023 presentation.

## Family and Children's Association, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 2. Revenue From Contracts

The Organization disaggregates revenue from reciprocal 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, 2023 and 2022, respectively:

	2023							
	Mental Health and Wellness	Residential Services	Prevention and Community Engagement	Senior and Adult Services	Harm Reduction and Recovery	Clinical Services	Total	
Revenue from contracts:								
Medicaid	\$ 155,825	\$ 1,842,536	\$ -	\$ 2,542	\$ 1,556	\$ 97,774	\$ 2,100,233	
Health Homes	741,205	-	-	-	-	-	741,205	
Medicaid Managed Care	558,392	-	-	268	-	713,900	1,272,560	
Client fees	-	-	206,699	306,383	-	191,323	704,405	
Rental income	-	-	114	-	14,400	-	14,514	
Medicare	-	-	-	2,957	-	16,283	19,240	
SSI	-	156,621	-	-	-	-	156,621	
Other	-	-	-	-	-	165	165	
Total revenue from contracts	<u>\$ 1,455,422</u>	<u>\$ 1,999,157</u>	<u>\$ 206,813</u>	<u>\$ 312,150</u>	<u>\$ 15,956</u>	<u>\$ 1,019,445</u>	<u>\$ 5,008,943</u>	
	2022							
	Mental Health and Wellness	Residential Services	Prevention and Community Engagement	Senior and Adult Services	Harm Reduction and Recovery	Clinical Services	Other	Total
Revenue from contracts:								
Medicaid	\$ 286,153	\$ 1,954,220	\$ -	\$ 37,317	\$ 18,242	\$ 67,002	\$ -	\$ 2,362,934
Health Homes	905,111	-	-	-	-	-	-	905,111
Medicaid Managed Care	397,270	-	-	-	-	578,609	-	975,879
Client fees	-	-	215,356	174,584	-	144,869	-	534,809
Rental income	-	-	-	-	15,400	-	-	15,400
Medicare	-	-	-	729	-	15,551	-	16,280
SSI	-	162,955	-	-	-	-	-	162,955
Other	-	3,316	-	-	-	10	73,204	76,530
Total revenue from contracts	<u>\$ 1,588,534</u>	<u>\$ 2,120,491</u>	<u>\$ 215,356</u>	<u>\$ 212,630</u>	<u>\$ 33,642</u>	<u>\$ 806,041</u>	<u>\$ 73,204</u>	<u>\$ 5,049,898</u>

Accounts receivable as of December 31, 2023 and 2022, respectively, included \$927,217 and \$932,933 related to revenue from contracts.

## Family and Children's Association, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 3. Investments

Investments are valued based on Level 1 and Level 2 inputs. The Organization had no Level 3 investments as of December 31, 2023 or 2022.

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

	December 31, 2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Common stock	\$ 430,271	\$ -	\$ 430,271
Mutual funds, equities	824,199	-	824,199
Mutual funds, fixed income	98,486	-	98,486
Corporate bonds	-	1,206,641	1,206,641
Total	<u>\$ 1,352,956</u>	<u>\$ 1,206,641</u>	2,559,597
Cash and cash equivalents			<u>49,695</u>
Total investments			<u>\$ 2,609,292</u>

  

	December 31, 2022		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Common stock	\$ 344,257	\$ -	\$ 344,257
Mutual funds, equities	691,819	-	691,819
Mutual funds, fixed income	88,516	-	88,516
Corporate bonds	-	1,140,137	1,140,137
Total	<u>\$ 1,124,592</u>	<u>\$ 1,140,137</u>	2,264,729
Cash and cash equivalents			<u>264,167</u>
Total investments			<u>\$ 2,528,896</u>

Interest and dividend income approximated \$95,000 and \$24,000, respectively, for 2023 and \$40,000 and \$21,000, respectively, for 2022.

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

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Notes to Financial Statements

December 31, 2023 and 2022

### **4. 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 years ended December 31, 2023 and 2022, there were no transfers from investments.

### **5. Endowment Funds**

The Organization has donor restricted endowment funds. There is an endowment whose corpus and earnings are to be retained in perpetuity and an endowment whose corpus is to be retained in perpetuity and earnings on which are to be utilized for a scholarship fund. Additionally, there is Board-designated endowment, earnings on which are designated for scholarships.

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.

#### **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. 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.

#### **Spending Policy**

The Organization spends earnings from the scholarship fund annually to provide scholarships.

#### **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  
December 31, 2023 and 2022

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

	<b>2023</b>			
	<b>Board- Designated</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Original Gift</b>	<b>Accumulated Gains</b>	
Board-designated endowment funds	\$ 247,210	\$ -	\$ -	\$ 247,210
Donor-restricted endowment funds	-	382,333	23,355	405,688
Total	<u>\$ 247,210</u>	<u>\$ 382,333</u>	<u>\$ 23,355</u>	<u>\$ 652,898</u>

  

	<b>2022</b>			
	<b>Board- Designated</b>	<b>With Donor Restrictions</b>		<b>Total</b>
		<b>Original Gift</b>	<b>Accumulated Gains</b>	
Board-designated endowment funds	\$ 220,579	\$ -	\$ -	\$ 220,579
Donor-restricted endowment funds	-	382,333	1,566	383,899
Total	<u>\$ 220,579</u>	<u>\$ 382,333</u>	<u>\$ 1,566</u>	<u>\$ 604,478</u>

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

	<b>2023</b>	
	<b>Board- Designated</b>	<b>Net Assets with Donor Restrictions</b>
Net assets, beginning of year	\$ 220,579	\$ 383,899
Investment income	26,631	21,789
Net assets, end of year	<u>\$ 247,210</u>	<u>\$ 405,688</u>

  

	<b>2022</b>	
	<b>Board- Designated</b>	<b>Net Assets with Donor Restrictions</b>
Net assets, beginning of year	\$ 251,499	\$ 382,733
Investment (loss) income	(30,920)	1,166
Net assets, end of year	<u>\$ 220,579</u>	<u>\$ 383,899</u>



## Family and Children's Association, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 6. Property, Plant and Equipment, Net

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

	<u>2023</u>	<u>2022</u>
Land	\$ 504,000	\$ 504,000
Furniture and equipment	2,172,617	2,500,972
Building and improvements	9,923,803	9,985,255
Vehicles	1,000,194	812,295
Construction in progress	202,735	48,230
	<u>13,803,349</u>	<u>13,850,752</u>
Total	13,803,349	13,850,752
Accumulated depreciation and amortization	<u>5,070,363</u>	<u>4,891,224</u>
Property, plant and equipment, net	<u>\$ 8,732,986</u>	<u>\$ 8,959,528</u>

Total depreciation and amortization expense for the years ended December 31, 2023 and 2022 approximated \$788,000 and \$742,000, respectively.

Included in buildings and improvements as of December 31, 2023 and 2022 is a donated building with original cost of \$3,320,000, contributed for the purpose of providing office space that the Organization utilizes for administrative and certain program operations.

### 7. Operating Leases

The Organization has operating leases for its real property, office equipment and vehicles. The Organization recognizes right-of-use assets and a lease liability for operating leases based on the net present value of future minimum lease payments. Lease expense for the Organization's operating leases is recognized on a straight-line basis over the lease term, including renewal periods that are considered reasonably certain.

The components of operating lease cost included in the accompanying statement of functional expenses for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost:		
Lease cost, leases with terms greater than one year	\$ 626,742	\$ 511,402
Short-term lease cost	-	-
Total lease cost	<u>\$ 626,742</u>	<u>\$ 511,402</u>

## Family and Children's Association, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

The following table summarizes the operating lease liabilities as of December 31:

	<u>2023</u>	<u>2022</u>
Operating lease liabilities:		
Current	\$ 484,544	\$ 498,559
Long-term	<u>650,531</u>	<u>658,130</u>
Total operating lease liabilities	<u>\$ 1,135,075</u>	<u>\$ 1,156,689</u>

Other information related to the Organization's operating leases and supplemental cash flows for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating cash flows from operating leases *	\$ 510,790	\$ 521,912
Right-of-use leased assets obtained in exchange for operating lease obligations	\$ 473,891	\$ -
Weighted-average remaining lease term:		
Operating leases	2.28	2.70
Weighted-average discount rate on operating leases	6.34%	4.79%

\* Cash flows relating to operating lease costs for leases with terms greater than one year. Excludes variable lease costs.

Future minimum lease payments as of December 31, 2023 were:

2024	\$ 546,727
2025	488,529
2026	184,601
	1,219,857
Less present value discount	<u>84,782</u>
Total	<u>\$ 1,135,075</u>

### 8. Note Payable to Bank

The Organization has a \$3,000,000 revolving line of credit with a financial institution secured by all of the Organization's assets as defined in the Uniform Commercial Code of New York. Effective 2022, under the terms of the line of credit, the Organization may elect to request a Term AMERIBOR Loan or a Prime Rate Loan. Dependent upon the election, interest is payable at the Term AMERIBOR rate plus 2.75% or the Prime Rate, with a floor rate of 3.0%. The line of credit agreement requires the Organization to comply with certain financial and nonfinancial covenants. There was no outstanding balance on the line as of December 31, 2023 and 2022. The line expires on November 30, 2024.

There was no interest expense on the line for the year ended December 31, 2023. Interest expense on the line for the year ended December 31, 2022 approximated \$8,000.

## Family and Children's Association, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

### 9. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Capital Campaign, purpose restricted	\$ 96,000	\$ 96,000
Nursery Coop, time and purpose restricted	185,180	325,605
Learning Center, purpose restricted	75,176	21,874
Scholarship, purpose restricted	-	8,448
Camp, purpose restricted	-	8,675
Adopt-a-family, purpose restricted	14,040	15,148
WalkAbout, purpose restricted	380	-
Ombuds, purpose restricted	250	-
Back-to-school, purpose restricted	850	850
	<hr/>	<hr/>
Total subject to expenditure for specified purposes	371,876	476,600
Perpetual endowment fund	405,688	383,899
	<hr/>	<hr/>
Total	<u>\$ 777,564</u>	<u>\$ 860,499</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>2023</u>	<u>2022</u>
Nursery Coop	\$ 325,605	\$ 248,511
Learning Center	18,992	1,443
Scholarship	8,448	6,799
Camp	8,675	14,747
Adopt-a-Family	3,606	1,107
WalkAbout	-	2,000
	<hr/>	<hr/>
Total	<u>\$ 365,326</u>	<u>\$ 274,607</u>

### 10. Special Events Revenue

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

	<u>2023</u>		
	<u>Gross Revenue</u>	<u>Costs of Direct Benefits to Donors</u>	<u>Net Revenue</u>
Holiday Ball	\$ 342,964	\$ 50,809	\$ 292,155
Golf outing	145,309	83,683	61,626
Scholarship event	46,315	4,821	41,494
Other	26,828	1,807	25,021
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 561,416</u>	<u>\$ 141,120</u>	<u>\$ 420,296</u>

## Family and Children's Association, Inc.

Notes to Financial Statements  
December 31, 2023 and 2022

	2022		
	Gross Revenue	Costs of Direct Benefits to Donors	Net Revenue
Holiday Ball	\$ 177,422	\$ 39,718	\$ 137,704
Golf outing	168,391	71,180	97,211
Scholarship event	86,620	-	86,620
Other	39,922	2,425	37,497
Total	<u>\$ 472,355</u>	<u>\$ 113,323</u>	<u>\$ 359,032</u>

### 11. 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.

### 12. Liquidity and Availability of Resources

The Organization's financial assets available within one year of December 31, 2023 and 2022 for general expenditures such as operating expenses and fixed asset purchases not financed with debt financing are as follows:

	2023	2022
Cash and cash equivalents	\$ 1,544,136	\$ 2,289,801
Investments	2,609,292	2,528,896
Accounts receivable	5,783,837	5,441,832
Total financial assets	9,937,265	10,260,529
Less amounts unavailable for general expenditures within one year, due to:		
Time and purpose restricted	371,876	476,600
Perpetual endowment fund	405,688	382,899
Board-designated, scholarship fund	247,210	220,579
Total financial assets available	<u>\$ 8,912,491</u>	<u>\$ 9,180,451</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 expenditures, 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. In 2023, NYSDOH provided funding for the payoff of the pension liability from discontinued operations (see Note 19) in the amount of \$604,000 and reimbursed the Organization for payments made by the Organization related to the 1199 pension liability totaling approximately \$28,000.

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

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Notes to Financial Statements  
December 31, 2023 and 2022

### **13. Related-Party Transactions**

During the year ended December 31, 2023, the Organization received discounted legal services from an entity in which a Board member is a partner. For the year ended December 31, 2022, legal and banking services were received from entities in which two Board members were partners or employees. Amounts incurred for such legal services were approximately \$34,000 during the year ended December 31, 2023. Legal and banking services in the amounts of \$5,000 and \$13,000, respectively, were paid during the year ended December 31, 2022. Both arrangements were disclosed and approved by the Board of Trustees.

For the years ended December 31, 2023 and 2022, approximately \$119,000 and \$154,000, respectively of contributions and grants were received from members of the Organization's Board of Trustees or their related associations.

### **14. Defined Contribution Pension Plan**

The Organization maintains a Tax-Deferred Annuity Plan as defined under Section 403(b) of the IRC. This Plan provides for employer contributions based on a percentage of each eligible employee's compensation as determined by the Organization's Board of Trustees (5.00% for 2023 and 2022).

Pension expense for the years ended December 31, 2023 and 2022 was approximately \$394,000 and \$381,000, respectively.

### **15. Deferred Compensation Payable**

The Organization maintains a 457(b) deferred compensation plan (the Plan). The Plan is a contributory plan. Pursuant to the plan agreements, the Plan's assets are considered general assets of the Organization until the assets are distributed. As a result, the Plan's net assets available for benefits of approximately \$172,000 and \$141,000 as of December 31, 2023 and 2022, respectively, are classified as other assets and other liabilities in the Organization's statements of financial position. As of December 31, 2023 and 2022, total employer contributions into the Plan since inception totaled approximately \$135,000 and \$120,000, respectively, included in these amounts are approximately \$15,000 and \$30,000 for the years ended December 31, 2023 and 2022, respectively.

### **16. Commitments and Contingencies**

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.

In June 2023, the New York State Office of Mental Health (OMH) recorded a grant lien on the Organization's property in West Hempstead, New York in the amount of \$874,079. The Organization is required to provide services for a period of forty years. The lien is reduced by 2.5% for each year that the services are performed. In the event the Organization is unable to continue providing services at the site, OMH is entitled to appoint a receiver. The project has not yet commenced.

### **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. Changes in contract amounts due or payable, resulting from audit adjustments, are reflected in the operations of the Organization when such adjustments are determined or can be reasonably estimated.

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

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Notes to Financial Statements  
December 31, 2023 and 2022

### **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 and accounts receivable from government agencies.

Cash balances frequently exceed the federal depository insurance coverage limits. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

The investment portfolio is managed by professional investment advisors and managers in accordance with the Organization's investment policy.

Accounts receivable are predominately from various federal, state and local government agencies. Management has determined that net receivables from government agencies are collectible.

### **19. Discontinued Mental Health Clinic Operations**

In 2011, the Organization's Board approved a resolution to discontinue the operations of its Article 31 mental health clinics (the Clinics). The Clinics ceased operations March 31, 2012. Liabilities related to pension obligations related to the discontinued operations of the Clinics in the amounts \$608,682 as of December 31, 2022, are segregated on the statements of financial position. The full amount of the liability was paid in January 2023.

### **20. Subsequent Event**

Management has evaluated subsequent events through May 30, 2024, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements. The Organization determined that the following event was pertinent:

On February 6, 2024, the Organization sold a building located at 31 Main Street in Hempstead, New York. The building was sold for \$1,150,000. The building and related improvements had a net book value of approximately \$550,000 at the time of sale. Net of closing costs, a gain of approximately \$511,000 was recognized on the sale of the building.