

The Child Center of NY, Inc.

Financial Statements

June 30, 2017

Independent Auditors' Report

Board of Directors The Child Center of NY, Inc.

We have audited the accompanying financial statements of The Child Center of NY, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Child Center of NY, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Schedule

Our audit was conducted for purposes of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of program services expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 28, 2017

The Child Center of NY, Inc.

Statement of Financial Position
June 30, 2017
(with comparative amounts at June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 640,626	\$ 1,543,644
Restricted cash	589,557	589,557
Patient services receivable	843,472	881,568
Contracts and grants receivable, net	7,815,016	6,887,234
Contributions receivable	405,825	641,057
Prepaid expenses	147,767	197,720
Security deposits	126,875	146,733
Property and equipment, net	<u>679,680</u>	<u>291,376</u>
	<u>\$ 11,248,818</u>	<u>\$ 11,178,889</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,476,059	\$ 3,588,058
Deferred rent	214,272	159,302
Due to government agencies	4,116,180	4,081,545
Line of credit	<u>639,009</u>	<u>645,856</u>
Total Liabilities	<u>8,445,520</u>	<u>8,474,761</u>
Net Assets		
Unrestricted		
Board designated	589,557	589,557
Operating	<u>2,134,846</u>	<u>2,035,676</u>
Total Unrestricted	2,724,403	2,625,233
Temporarily restricted	<u>78,895</u>	<u>78,895</u>
Total Net Assets	<u>2,803,298</u>	<u>2,704,128</u>
	<u>\$ 11,248,818</u>	<u>\$ 11,178,889</u>

See notes to financial statements

The Child Center of NY, Inc.

Statement of Activities
Year Ended June 30, 2017
(with summarized totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
REVENUE AND SUPPORT				
Contracts and grants revenue	\$ 32,776,454	\$ -	\$ 32,776,454	\$ 31,210,561
Patient services revenue, net	11,557,459	-	11,557,459	10,896,861
Contributions	1,069,962	-	1,069,962	174,953
Fundraising, net of direct expenses of \$237,774 and \$124,206	531,123	-	531,123	617,285
In-kind contributions	951,061	-	951,061	667,172
Other income	51,801	-	51,801	277,650
Total Revenue and Support	<u>46,937,860</u>	<u>-</u>	<u>46,937,860</u>	<u>43,844,482</u>
EXPENSES				
Program Services	40,772,257	-	40,772,257	39,368,207
Supporting Services				
Management and general	5,740,236	-	5,740,236	4,801,963
Fundraising	326,197	-	326,197	579,013
Total Expenses	<u>46,838,690</u>	<u>-</u>	<u>46,838,690</u>	<u>44,749,183</u>
Excess (Deficiency) of Revenue and Support over Expenses	99,170	-	99,170	(904,701)
NON-OPERATING ACTIVITY				
Gain on extinguishment of debt	-	-	-	1,708,046
Change in Net Assets	99,170	-	99,170	803,345
NET ASSETS				
Beginning of year	<u>2,625,233</u>	<u>78,895</u>	<u>2,704,128</u>	<u>1,900,783</u>
End of year	<u>\$ 2,724,403</u>	<u>\$ 78,895</u>	<u>\$ 2,803,298</u>	<u>\$ 2,704,128</u>

See notes to financial statements

The Child Center of NY, Inc.

Statement of Functional Expenses

Year Ended June 30, 2017

(with summarized totals for the year ended June 30, 2016)

	Program Services	Management and General	Fundraising	2017 Total	2016 Total
Salaries and wages	\$ 25,511,677	\$ 2,732,206	\$ 110,316	\$ 28,354,199	\$ 27,178,183
Payroll taxes and employee benefits	7,774,305	706,402	33,278	8,513,985	8,215,697
Rent and utilities	1,861,953	472,379	25,846	2,360,178	2,186,808
Program related	1,343,169	12,944	1,438	1,357,551	1,393,862
Consumable supplies	886,571	90,283	4,651	981,505	965,959
Consultants	455,422	392,649	88,460	936,531	1,076,403
Equipment related	403,020	87,196	2,627	492,843	403,459
Repairs and maintenance	395,854	249,426	2,070	647,350	523,473
Other contracted services	202,495	241,060	14,313	457,868	593,931
Telephone	293,659	88,802	2,994	385,455	288,572
Insurance	172,500	9,287	314	182,101	171,756
Professional fees	33,738	304,157	-	337,895	150,752
Travel and conferences	129,668	13,278	658	143,604	143,863
Interest	180	68,348	-	68,528	43,125
Staff training	139,812	23,236	325	163,373	249,268
Community relations	-	1,589	3,179	4,768	23,824
Dues and subscriptions	29,619	49,512	1,585	80,716	73,097
Charges and fees	6,538	31,983	14,083	52,604	41,627
Other	59,948	63,336	14,410	137,694	107,225
Postage	7,159	12,494	1,422	21,075	20,103
Bad debt expense	-	-	-	-	54,317
Recruitment	15,111	7,081	3,378	25,570	17,204
In-kind expenses	950,211	-	850	951,061	667,172
Depreciation and amortization	99,648	82,588	-	182,236	159,503
Total Expenses	<u>\$ 40,772,257</u>	<u>\$ 5,740,236</u>	<u>\$ 326,197</u>	<u>\$ 46,838,690</u>	<u>\$ 44,749,183</u>

See notes to financial statements

The Child Center of NY, Inc.

Statement of Cash Flows
Year Ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 99,170	\$ 803,345
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	182,236	159,503
Deferred rent	54,970	159,302
Gain on extinguishment of debt	-	(1,708,046)
Adjustment of excess accumulated depreciation	-	(77,971)
Bad debt expense	-	54,317
Changes in operating assets and liabilities		
Patient services receivable	38,096	647,956
Contracts and grants receivable	(927,782)	(984,295)
Contributions receivable	235,232	1,267,386
Prepaid expenses	49,953	(86,845)
Security deposits	19,858	-
Accounts payable and accrued expenses	(111,999)	1,022,034
Due to government agencies	34,635	(438,239)
Net Cash from Operating Activities	(325,631)	818,447
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(570,540)	(9,935)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	250,000	-
Payment of line of credit	(256,847)	(4,144)
Net Cash from Financing Activities	(6,847)	(4,144)
Net Change in Cash and Cash Equivalents	(903,018)	804,368
 CASH AND CASH EQUIVALENTS (including restricted cash)		
Beginning of year	2,133,201	1,328,833
End of year	\$ 1,230,183	\$2,133,201
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 68,528	\$ 43,125

See notes to financial statements

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

1. Organization and Tax Status

The Child Center of NY, Inc. (the "Organization") is a not-for-profit organization whose mission is to help at risk children and youth succeed in life by providing family intervention, youth development, early childhood services, counseling and home visiting services that help keep families healthy and intact. The Organization offers preventive therapy and crisis intervention to families coping with child abuse, broken home life, underachievement in school, parental drug addiction, and other emotional and educational problems that destabilize families. All of the Organization's efforts are community-based and geared toward helping urban children and families empower themselves.

The Organization receives substantial support from the New York State Office of Mental Health ("NYS OMH"), the New York City Administration for Children's Services ("NYC ACS"), the New York City Department of Youth and Community Development ("NYC DYCD") and the New York City Department of Health and Mental Hygiene ("NYC DOHMH"). Funding agencies also include the U.S. Department of Health and Human Services ("DHHS"), the New York City Department of Education ("NYC DOE"), the New York State Department of Health ("NYS DOH") and the New York State Office of Children and Family Services ("NYS OCFS"). The Organization is obligated under the terms of the contracts to comply with specified conditions and program requirements set forth by the respective grantor.

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The Child Center of NY, Inc.

Notes to Financial Statements

June 30, 2017

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are those currently available at the discretion of the governing board for use in operations. Temporarily restricted net assets are those which are stipulated by donors for specific purposes or by passage of time. Permanently restricted net assets are those which are established by donor restricted gifts and bequests to provide permanent endowment. There are no permanently restricted net assets at June 30, 2017 and 2016.

Cash and Cash Equivalents

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

Restricted Cash

Donations related to the Auffarth Fund are maintained in a separate bank account and are reflected as restricted cash and board-designated unrestricted net assets in the accompanying financial statements.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is established for contracts and patient services receivables where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on the Organization's historical experience, review of account balances and expectations relative to collections. Contracts and grants receivable are reflected in the statement of financial position net of an allowance for doubtful accounts of \$260,000 as of June 30, 2017 and 2016. There was no allowance for doubtful accounts as of June 30, 2017 and 2016 for patient services receivable and contributions receivable as patient services receivable was substantially collected subsequent to year-end, and management anticipates no collection problems on contributions receivable.

Property and Equipment

Property and equipment are recorded at cost. Depreciation of furniture and equipment is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 10 years. Leasehold improvements are amortized on a straight-line basis over the estimated useful life of the improvement or the term of the lease, whichever is shorter. Expenditures over \$1,000 with an estimated useful life of more than one year are capitalized to the asset accounts.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is identified. If the carrying amount of the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for fiscal 2017 and 2016.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue from contracts and grants designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Contracts and grant awards for the acquisition of long-lived assets are reported as unrestricted non-operating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired.

Patient services revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered. Self-pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self-pay revenue. All other patient services revenue is recorded at published charges, with contractual allowances deducted to arrive at net patient services revenue.

Contributions are recorded at fair value when received or pledged. Amounts are recorded as temporarily or permanently restricted revenue if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as unrestricted revenue. Conditional contributions are recognized in the period when conditions are substantially met.

In-kind Contributions

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

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

Deferred Rent

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

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

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

Functional Allocation of Expenses

Expenses are charged to program services or supporting services based on a combination of specific identification and allocation by management.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal 2014.

Summarized Financial Information

The statements of activities and functional expenses include prior year summarized information in total only, which does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended June 30, 2016 from which the summarized information was derived.

Reclassifications

Certain accounts in the fiscal 2016 financial statements have been reclassified to conform to the fiscal 2017 financial statement presentation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 28, 2017.

3. Concentration of Credit Risk

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

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

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

3. Concentration of Credit Risk (continued)

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

4. Patient Services Receivable

Patient services receivable consists of the following at June 30:

	2017	2016
Medicaid and Medicaid Managed Care	\$ 716,214	\$ 800,000
Other third-party payors and self-pay	127,258	81,568
	\$ 843,472	\$ 881,568

There was no allowance for doubtful accounts as patient services receivable at June 30, 2017 and 2016 were substantially collected subsequent to year-end.

5. Contracts and Grants Receivable

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

	2017	2016
NYC Department of Youth and Community Development	\$ 3,225,315	\$ 3,489,189
NYC Administration for Children's Services	1,672,254	1,617,940
NYC Department of Health and Mental Hygiene	650,935	165,625
NYS Office of Children and Family Services	601,827	526,673
NYS Department of Health	160,702	175,454
NYS Department of Education	89,888	-
NYS Office of Mental Health	43,000	-
NYS Department of Criminal Justice	151,762	112,725
Subcontracts - NYC Schools	196,584	219,187
NYC Department of Education	798,688	297,130
Other grants	484,061	543,311
	8,075,016	7,147,234
Allowance for doubtful accounts	(260,000)	(260,000)
	\$ 7,815,016	\$ 6,887,234

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

6. Property and Equipment

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

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 1,911,534	\$ 1,331,447
Leasehold improvements	<u>2,214,826</u>	<u>2,224,373</u>
	4,126,360	3,555,820
Accumulated depreciation and amortization	<u>(3,446,680)</u>	<u>(3,264,444)</u>
	<u>\$ 679,680</u>	<u>\$ 291,376</u>

7. Line of Credit

The Organization has a \$650,000 line of credit with a financial institution through April 2018. Borrowings under this arrangement bear interest at the Wall Street Journal prime rate (4.25% at June 30, 2017) plus 1%, and are secured by all assets of the Organization. As of June 30, 2017, the Organization had borrowings outstanding of \$639,009. Interest expense for fiscal 2017 and 2016 amounted to \$25,102 and \$31,547.

8. Due to Government Agencies

Due to government agencies amounted to \$4,116,180 and \$4,081,545 as of June 30, 2017 and 2016. These liabilities represent amounts owed primarily related to recoupments of overpayments from government agencies as well as unused contract advances. The balance at June 30, 2017 includes \$2,075,861, which is payable in equal monthly installments of \$21,501, including interest at 2% per annum, from April 2016 to May 2025. Interest expense for fiscal 2017 and 2016 amounted to \$43,426 and \$11,578.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$78,895 at June 30, 2017 and 2016 consist of contributions received in fiscal 2011 for capital improvements at the Corona clinic.

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

10. Patient Services Revenue

Patient services revenue consists of the following at June 30:

	2017	2016
Medicaid and Medicaid Managed Care	\$ 11,257,757	\$ 10,574,773
Other third-party payors and self-pay	299,702	322,088
	\$ 11,557,459	\$ 10,896,861

Patient services revenue is accounted for at established billing rates multiplied by the number of visits rendered. Such reimbursement rates are subject to change and retroactive adjustment on the basis of review by the governmental agencies responsible for such funding. Provisions for settlements are accrued on an estimated basis in the period in which the related services are rendered, and are included in due to governmental agencies. Final determination of reimbursement rates is subject to audit and review by governmental payors and any overpayments are reflected as amounts due to governmental agencies.

11. Contracts and Grants Revenue

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

	2017	2016
NYC Administration for Children's Services	\$ 12,615,243	\$ 12,429,907
NYC Department of Youth and Community Development	10,183,530	9,451,031
NYC Department of Health and Mental Hygiene	2,922,618	2,145,065
NYC Department of Education	2,504,455	2,292,095
U.S. Department of Health and Human Services	971,896	954,637
NYS Department of Health	575,331	489,360
NYS Office of Children and Family Services	280,213	542,063
Subcontracts - NYC schools	597,262	342,408
NYS Education Department	193,393	186,086
NYS Department of Criminal Justice Services	261,277	174,630
Foundation grants	987,667	1,363,916
Other contracts and grants	683,569	839,363
	\$ 32,776,454	\$ 31,210,561

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

12. Employee Benefit Plans

The Organization has a defined contribution money purchase pension plan covering substantially all nonunion employees meeting certain eligibility requirements. Contributions to the plan are 10% of gross salaries. Pension expense amounted to \$1,053,163 and \$856,457 for the years ended June 30, 2017 and 2016.

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

The Organization's participation in the Plans for the years ended June 30, 2017 and 2016 is outlined in the table below. The most recent Pension Protection Act (PPA) zone status available for the Plans is December 31, 2016 and June 30, 2017.

The zone status is based on information that the Organization received from the Plans and is certified by the actuaries of the Plans. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded. None of the Plans have a financial improvement plan or rehabilitation plan pending or implemented. The Organization's contributions to the Plans did not exceed 5% of the Plans' total contributions for the years ended June 30, 2017 and 2016.

Pension Fund	EIN Number	Plan Number	Protection Act Zone Status		Total Pension Cost to the Plan		Expiration Date of Collective Bargaining Agreement
			2017	2016	2017	2016	
SEIU Health Care Employees Pension Fund	13-3604862	001	Green	Green	\$ 663,164	\$ 713,401	June 30, 2018
The Head Start Sponsoring Board Council of the City of New York Plan	13-3152121	001	Green	Green	95,176	116,512	January 31, 2019
The Cultural Institutions Pension Plan	11-2001170	001	Green	Green	61,482	61,244	September 30, 2020
					<u>\$ 819,822</u>	<u>\$ 891,157</u>	

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

	2017	2016
Paid by the Organization	\$ 758,340	\$ 829,913
Paid by the City of New York	61,482	61,244
	<u>\$ 819,822</u>	<u>\$ 891,157</u>

The Child Center of NY, Inc.

Notes to Financial Statements
June 30, 2017

12. Employee Benefit Plans (continued)

In addition, the CBA's include participation in postretirement health and supplemental welfare benefit plans (the "Health Plans"), which provide health and other benefits to eligible participants who are covered under the CBA's. The Organization's contributions to the Health Plans totaled \$2,658,155 and \$2,567,645 for the years ended June 30, 2017 and 2016.

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

13. Gain on Extinguishment of Debt

During fiscal 2016, the Organization came to an agreement with two government agencies to satisfy amounts owed to the agencies. The resulting gain from the extinguishment of these debts is shown under non-operating activity in the accompanying 2016 statement of activities.

14. Commitments and Contingencies

The Organization leases eight facilities with leases expiring through fiscal 2029. Several of the leases contain escalations for real estate taxes. Rent expense for the years ended June 30, 2017 and 2016 amounted to \$2,231,271 and \$2,044,405. All facilities are operated under noncancellable operating leases requiring future minimum payments as follows:

Year Ending June 30:	
2018	\$ 2,143,877
2019	2,064,066
2020	2,006,519
2021	1,857,285
2022	1,255,210
Thereafter	<u>6,228,339</u>
	<u>\$ 15,555,296</u>

The Organization has contracted with various funding agencies to perform certain counseling services and receives Medicaid revenue from the state and federal governments. Reimbursements received under these contracts and payments from Medicaid are subject to audit by federal and state governments and other agencies. Upon audit, if discrepancies are discovered, the Organization could be held responsible for refunding the amounts in question.

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The Child Center of NY, Inc.

Supplementary Schedule

June 30, 2017

The Child Center of NY, Inc.

Supplementary Schedule of Program Services Expenses
Year Ended June 30, 2017

	NYC											Administrative	Total
	NYC ACS	NYC DOE	DOHMH	NYC DYCD	NYS ED	NYS OCFS	DHHS	NYS DOH	NYS OMH	DCJS	Other		
Salaries and wages	\$ 7,383,389	\$ 1,681,786	\$ 2,614,026	\$ 6,464,233	\$ 109,886	\$ 194,014	\$ 625,603	\$ 207,448	\$ 4,617,426	\$ 146,674	\$ 1,467,192	\$ -	\$ 25,511,677
Payroll taxes and employee benefits	2,754,319	411,616	1,043,712	1,160,477	20,893	32,114	192,147	59,836	1,636,987	43,613	418,591	-	7,774,305
Rent and utilities	698,269	-	263,032	1,302	-	-	172,107	9,368	603,748	10,007	104,120	-	1,861,953
Program related	35,548	159,861	70,550	733,303	21,036	8,834	44,194	200,146	31,909	11	37,777	-	1,343,169
Consumable supplies	99,798	88,040	76,458	446,845	11,535	9,448	17,692	23,993	27,728	6,402	78,632	-	886,571
Consultants	155,991	34,450	31	84,834	3,992	1,232	14,275	-	127,134	8,500	24,983	-	455,422
Equipment related	84,882	15,992	59,432	178,638	3,085	2,703	1,571	801	33,661	7,158	15,097	-	403,020
Repairs and maintenance	165,067	7,299	52,874	41,355	103	2,069	4,572	10,650	83,953	8,365	19,547	-	395,854
Other contracted services	37,467	280	29,149	-	-	-	31	2,281	130,764	888	1,635	-	202,495
Telephone	100,046	1,394	40,161	47,432	3,325	1,874	6,749	2,696	77,326	2,889	9,767	-	293,659
Insurance	49,001	12,455	13,839	55,570	886	1,676	5,739	1,257	21,588	865	9,624	-	172,500
Professional fees	3,217	270	2,941	-	-	-	-	-	26,920	-	390	-	33,738
Travel and conferences	55,099	11,287	19,793	11,080	732	450	3,972	2,536	16,661	3,667	4,391	-	129,668
Interest	180	-	-	-	-	-	-	-	-	-	-	-	180
Staff training	36,443	6,441	6,649	27,991	928	965	26,982	787	8,682	-	23,944	-	139,812
Dues and subscriptions	8,994	8,286	-	4,000	-	-	761	-	7,495	83	-	-	29,619
Charges and fees	302	-	254	-	-	-	-	135	5,789	18	40	-	6,538
Other	5,332	5,212	1,016	9,584	173	358	251	1,034	1,791	56	35,141	-	59,948
Postage	2,064	161	953	1,495	34	33	2	12	2,185	45	175	-	7,159
Recruitment	4,955	1,611	1,338	2,947	216	158	-	720	1,609	400	1,157	-	15,111
Subtotal	<u>11,680,363</u>	<u>2,446,441</u>	<u>4,296,208</u>	<u>9,271,086</u>	<u>176,824</u>	<u>255,928</u>	<u>1,116,648</u>	<u>523,700</u>	<u>7,463,356</u>	<u>239,641</u>	<u>2,252,203</u>	<u>-</u>	<u>39,722,398</u>
Administrative overhead	1,594,605	337,010	586,385	1,295,361	24,611	35,108	153,627	71,479	1,031,049	32,708	302,781	(5,464,724)	-
In-kind expenses	862,342	-	-	-	-	-	86,915	-	-	-	954	-	950,211
SubTotal	<u>2,456,947</u>	<u>337,010</u>	<u>586,385</u>	<u>1,295,361</u>	<u>24,611</u>	<u>35,108</u>	<u>240,542</u>	<u>71,479</u>	<u>1,031,049</u>	<u>32,708</u>	<u>303,735</u>	<u>(5,464,724)</u>	<u>950,211</u>
Depreciation and amortization	-	-	-	-	-	-	8,917	-	90,731	-	-	-	99,648
Total Expenses	<u>\$ 14,137,310</u>	<u>\$ 2,783,451</u>	<u>\$ 4,882,593</u>	<u>\$ 10,566,447</u>	<u>\$ 201,435</u>	<u>\$ 291,036</u>	<u>\$ 1,366,107</u>	<u>\$ 595,179</u>	<u>\$ 8,585,136</u>	<u>\$ 272,349</u>	<u>\$ 2,555,938</u>	<u>\$ (5,464,724)</u>	<u>\$ 40,772,257</u>

See independent auditors' report