

Family and Children's Association, Inc.

Financial Statements

December 31, 2024 and 2023

Family and Children's Association, Inc.

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December 31, 2024 and 2023

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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, 2024 and 2023, and the related statements of activities and change in net assets and functional expenses for the year ended December 31, 2024 and cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and the change in its net assets for the year ended December 31, 2024 and its cash flows for the years ended December 31, 2024 and 2023 in accordance with accounting principles generally accepted in the United States of America (U.S. 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 30, 2024. 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, 2023 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 U.S. 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

Iselin, New Jersey
July 18, 2025

Family and Children's Association, Inc.

Statements of Financial Position

December 31, 2024 and 2023

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | | |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 2,140,597 | \$ 1,544,136 |
| Investments | 2,417,740 | 2,203,604 |
| Accounts receivable | 7,452,612 | 5,693,657 |
| Contributions receivable | 348,547 | 90,180 |
| Prepaid expenses and other current assets | 296,664 | 244,269 |
| | | |
| Total current assets | 12,656,160 | 9,775,846 |
| | | |
| Investments, Perpetual Endowment | 423,958 | 405,688 |
| | | |
| Property, Plant and Equipment, Net | 8,129,383 | 8,732,986 |
| | | |
| Other Assets | 310,048 | 261,821 |
| | | |
| Right-of-Use Assets | 1,458,852 | 1,080,003 |
| | | |
| Total assets | <u>\$ 22,978,401</u> | <u>\$ 20,256,344</u> |
| | | |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 2,282,766 | \$ 1,735,178 |
| Note payable to bank | 1,930,000 | - |
| Advances | 1,676,183 | 1,477,698 |
| Current portion of operating lease liabilities | 677,377 | 484,544 |
| | | |
| Total current liabilities | 6,566,326 | 3,697,420 |
| | | |
| Other Liabilities | 201,686 | 171,793 |
| | | |
| Long-Term Operating Lease Liabilities | 848,187 | 650,531 |
| | | |
| Total liabilities | <u>7,616,199</u> | <u>4,519,744</u> |
| | | |
| Net Assets | | |
| Net assets without donor restrictions | 14,522,904 | 14,959,036 |
| Net assets with donor restrictions | 839,298 | 777,564 |
| | | |
| Total net assets | <u>15,362,202</u> | <u>15,736,600</u> |
| | | |
| Total liabilities and net assets | <u>\$ 22,978,401</u> | <u>\$ 20,256,344</u> |

See notes to financial statements

Family and Children's Association, Inc.

Statement of Activities and Change in Net Assets

Year Ended December 31, 2024 (With Comparative Totals for 2023)

| | Without Donor Restrictions | With Donor Restrictions | Total 2024 | Total 2023 |
|--|-------------------------------|----------------------------|---------------|---------------|
| Operating Support and Revenues | | | | |
| Contracts and fees from government agencies | \$ 21,676,613 | \$ - | \$ 21,676,613 | \$ 20,864,065 |
| Revenue from services to other agencies | 261,567 | - | 261,567 | 239,738 |
| Other program fees | 694,657 | - | 694,657 | 704,405 |
| Contributions and grants | 767,851 | 239,266 | 1,007,117 | 956,551 |
| Special events revenue | 492,411 | - | 492,411 | 561,416 |
| Special event costs of direct benefits to donors | (81,141) | - | (81,141) | (141,120) |
| Contributed nonfinancial assets | 93,525 | - | 93,525 | 153,409 |
| Other income | 551,587 | - | 551,587 | 65,803 |
| Net assets released from restrictions | 195,802 | (195,802) | - | - |
| Total operating support and revenues | 24,652,872 | 43,464 | 24,696,336 | 23,404,267 |
| Expenses | | | | |
| Program services: | | | | |
| Mental health and wellness | 2,039,655 | - | 2,039,655 | 2,166,791 |
| Residential services | 2,719,693 | - | 2,719,693 | 2,620,989 |
| Family and community support | 3,371,097 | - | 3,371,097 | 3,609,634 |
| Senior and adult services | 4,440,469 | - | 4,440,469 | 3,795,744 |
| Harm reduction and recovery | 3,579,863 | - | 3,579,863 | 3,014,646 |
| Clinical services | 3,681,015 | - | 3,681,015 | 3,180,410 |
| Total program services | 19,831,792 | - | 19,831,792 | 18,388,214 |
| Supporting services: | | | | |
| Management and general | 4,443,743 | - | 4,443,743 | 4,153,579 |
| Fundraising | 896,314 | - | 896,314 | 660,895 |
| Total supporting services | 5,340,057 | - | 5,340,057 | 4,814,474 |
| Services to other agencies | 229,346 | - | 229,346 | 210,790 |
| Total expenses | 25,401,195 | - | 25,401,195 | 23,413,478 |
| Change in net assets from operating activities | (748,323) | 43,464 | (704,859) | (9,211) |
| Nonoperating Activities | | | | |
| Interest and dividends, net of fees | 108,553 | 18,270 | 126,823 | 100,551 |
| Net realized gain on sale of investments | 81,892 | - | 81,892 | 23,912 |
| Unrealized appreciation in fair value of investments | 121,746 | - | 121,746 | 210,120 |
| Change in net assets from nonoperating activities | 312,191 | 18,270 | 330,461 | 334,583 |
| Change in net assets | (436,132) | 61,734 | (374,398) | 325,372 |
| Net Assets, Beginning | 14,959,036 | 777,564 | 15,736,600 | 15,411,228 |
| Net Assets, Ending | \$ 14,522,904 | \$ 839,298 | \$ 15,362,202 | \$ 15,736,600 |

See notes to financial statements

Family and Children's Association, Inc.

Statement of Functional Expenses

Year Ended December 31, 2024 (With Comparative Totals for 2023)

| | Mental Health and Wellness | Residential Services | Family and Community Support | Senior and Adult Services | Harm Reduction and Recovery | Clinical Services | Total Program Services | Management and General | Fundraising | Services to Other Agencies | 2024 Total Expenses | 2023 Total Expenses |
|--|----------------------------------|-------------------------|------------------------------------|---------------------------------|--------------------------------------|----------------------|------------------------------|------------------------------|-------------------|----------------------------------|---------------------------|---------------------------|
| Salaries | \$ 1,344,728 | \$ 1,794,162 | \$ 1,984,139 | \$ 2,984,396 | \$ 1,644,960 | \$ 2,159,174 | \$ 11,911,559 | \$ 2,396,725 | \$ 565,132 | \$ 115,062 | \$ 14,988,478 | \$ 13,457,306 |
| Payroll taxes and employee benefits | 321,258 | 325,392 | 440,501 | 716,370 | 367,819 | 501,031 | 2,672,371 | 504,222 | 94,524 | 73,780 | 3,344,897 | 3,240,806 |
| | 1,665,986 | 2,119,554 | 2,424,640 | 3,700,766 | 2,012,779 | 2,660,205 | 14,583,930 | 2,900,947 | 659,656 | 188,842 | 18,333,375 | 16,698,112 |
| Occupancy costs | 59,806 | 5,540 | 115,582 | 50,805 | 351,753 | 156,471 | 739,957 | 71,851 | 5,685 | - | 817,493 | 717,453 |
| Insurance | 18,686 | 78,944 | 55,745 | 31,540 | 48,879 | 56,759 | 290,553 | 19,324 | 1,509 | - | 311,386 | 297,535 |
| Utilities | 32,477 | 48,060 | 44,879 | 24,361 | 58,443 | 51,572 | 259,792 | 23,525 | 2,546 | - | 285,863 | 268,664 |
| Client activities | 14,651 | 25,623 | 132,990 | 9,354 | 86,540 | 12,536 | 281,694 | - | - | - | 281,694 | 231,975 |
| Client assistance | 7,048 | 8,238 | 52,736 | 83,117 | 313,940 | 15,736 | 480,815 | - | - | - | 480,815 | 476,887 |
| Contracted services | 27,523 | 33,270 | 70,895 | 87,107 | 113,859 | 193,381 | 526,035 | 521,738 | 61,281 | - | 1,109,054 | 1,034,909 |
| Professional fees | 7,210 | 5,354 | 30,554 | 16,466 | 12,332 | 240,922 | 312,838 | 285,407 | - | - | 598,245 | 678,974 |
| House supplies and equipment | 114 | 35,297 | 374 | 73 | 2,060 | 263 | 38,181 | - | - | - | 38,181 | 31,177 |
| Food and clothing | 4,635 | 109,046 | 24,374 | 16,162 | 46,115 | 7,816 | 208,148 | - | - | 39,878 | 248,026 | 225,593 |
| Repairs and maintenance | 19,245 | 62,647 | 38,477 | 21,860 | 69,653 | 47,077 | 258,959 | 33,266 | 3,472 | - | 295,697 | 267,873 |
| Travel | 18,984 | 788 | 33,453 | 37,545 | 24,239 | 13,182 | 128,191 | 7,676 | 594 | - | 136,461 | 127,006 |
| Telecommunications | 15,952 | 12,781 | 33,279 | 16,451 | 26,435 | 18,740 | 123,638 | 29,083 | 1,239 | - | 153,960 | 137,283 |
| Office supplies | 21,056 | 10,909 | 22,703 | 21,951 | 82,521 | 14,868 | 174,008 | 21,002 | 2,519 | - | 197,529 | 372,573 |
| Program supplies | - | 1,562 | 2,998 | 2,800 | 17,957 | 3,780 | 29,097 | - | - | - | 29,097 | 42,937 |
| Dues, licenses and permits | 4,254 | 8,683 | 8,866 | 5,927 | 11,139 | 77,568 | 116,437 | 80,976 | 10,843 | 82 | 208,338 | 94,752 |
| Vehicle expense | 401 | 13,563 | 4,705 | 11,258 | 6,761 | 2,908 | 39,596 | 10,784 | - | - | 50,380 | 46,874 |
| Equipment rental | 1,970 | 11,797 | 24,898 | 8,491 | 7,031 | 7,876 | 62,063 | 19,039 | 4,731 | - | 85,833 | 81,569 |
| Conference and workshops | - | 1,966 | 18,311 | 14,500 | 5,497 | 2,078 | 42,352 | 5,211 | 1,139 | - | 48,702 | 31,927 |
| Community outreach | 1,297 | 1,367 | 26,944 | 36,356 | 135,100 | 18,156 | 219,220 | 54,768 | 8,756 | - | 282,744 | 272,967 |
| Staff development | 18,727 | 23,917 | 27,120 | 19,409 | 21,773 | 10,129 | 121,075 | 126,279 | 2,402 | - | 249,756 | 161,675 |
| Scholarship | 1,000 | - | 80,380 | - | - | - | 81,380 | - | - | - | 81,380 | 61,786 |
| Interest and bank charges | - | - | - | 22 | - | 1,973 | 1,995 | 78,074 | 4,209 | - | 84,278 | 7,812 |
| Printing | 273 | 25 | 3,008 | 23,664 | 1,859 | 1,027 | 29,856 | 7,067 | 83 | - | 37,006 | 36,062 |
| Postage and messenger | 606 | 468 | 1,474 | 3,712 | 231 | 502 | 6,993 | 3,002 | 2,114 | 62 | 12,171 | 14,561 |
| Donated goods | - | - | - | - | - | - | - | - | 93,525 | - | 93,525 | 153,409 |
| Bad debt and other | - | - | - | - | - | - | - | - | 14,700 | - | 14,700 | - |
| Miscellaneous | 19,130 | 7,735 | 13,010 | 20,399 | 7,331 | 9,289 | 76,894 | 34,983 | 5,436 | 482 | 117,795 | 52,977 |
| Depreciation and amortization | 78,624 | 92,559 | 78,702 | 176,373 | 115,636 | 56,201 | 598,095 | 109,741 | 9,875 | - | 717,711 | 788,156 |
| | <u>\$ 2,039,655</u> | <u>\$ 2,719,693</u> | <u>\$ 3,371,097</u> | <u>\$ 4,440,469</u> | <u>\$ 3,579,863</u> | <u>\$ 3,681,015</u> | <u>\$ 19,831,792</u> | <u>\$ 4,443,743</u> | <u>\$ 896,314</u> | <u>\$ 229,346</u> | <u>\$ 25,401,195</u> | <u>\$ 23,413,478</u> |

Family and Children's Association, Inc.

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|----------------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (374,398) | \$ 325,372 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation and amortization | 717,711 | 788,156 |
| Net realized and unrealized gain on investments | (203,638) | (234,032) |
| Net accretion of operating leases | 11,640 | 2,412 |
| (Gain) loss on disposition of fixed assets | (510,672) | 19,761 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | (1,758,955) | (328,546) |
| Contributions receivable | (258,367) | (13,459) |
| Prepaid expenses and other current assets | (52,395) | (19,786) |
| Other assets | (48,227) | (79,634) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 547,588 | 273,419 |
| Advances | 198,485 | (473,466) |
| Other liabilities | 29,893 | 30,559 |
| Liabilities, discontinued operations | - | (608,682) |
| Net cash flows from operating activities | <u>(1,701,335)</u> | <u>(317,926)</u> |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (693,535) | (581,375) |
| Proceeds from sale of fixed assets, net | 1,090,099 | - |
| Purchase of investments | (622,581) | (594,894) |
| Proceeds from the sale of investments | <u>593,813</u> | <u>748,530</u> |
| Net cash flows from investing activities | <u>367,796</u> | <u>(427,739)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from note payable | 2,680,000 | - |
| Payments of note payable | <u>(750,000)</u> | <u>-</u> |
| Net cash flows from financing activities | <u>1,930,000</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 596,461 | (745,665) |
| Cash and Cash Equivalents, Beginning | <u>1,544,136</u> | <u>2,289,801</u> |
| Cash and Cash Equivalents, Ending | <u><u>\$ 2,140,597</u></u> | <u><u>\$ 1,544,136</u></u> |
| Supplemental Information | | |
| Interest paid | <u><u>\$ 55,879</u></u> | <u><u>\$ -</u></u> |

See notes to financial statements

Family and Children's Association, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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 assistance to Long Island's most vulnerable families, children, seniors, individuals and communities. Services include mental health counseling, family support, drug and alcohol treatment, addiction and 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. The Organization assists more than 36,000 Long Islanders annually, through professional counseling, case management support and other services.

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, 2023, 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 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.

Notes to Financial Statements

December 31, 2024 and 2023

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.

Family and Children's Association, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Cash received for unsatisfied obligations is considered contract liabilities and presented as advances in the statements of financial position. Subsequent adjustments to contract price are recorded as reductions to revenue when made. There are no other contract assets included in the financial statements. Contract assets and contract liabilities as of beginning and end of the years ended December 31, 2024 and 2023 are as follows:

| | January 1, 2023 | December 31, 2023 | December 31, 2024 |
|---------------------|--------------------|----------------------|----------------------|
| Accounts receivable | \$ 780,350 | \$ 927,217 | \$ 878,662 |
| Advances | - | 7,640 | 23,017 |

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.

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, 2024, the Organization has been awarded cost reimbursements and other conditional grants that have not been recognized as income in the amount of approximately \$11,494,000.

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, 2024 and 2023, 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.

Contributions Receivable

Contributions receivable are unconditional promises to give that are expected to be collected within one year are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated future cash flows.

Family and Children's Association, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

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, 2024 and 2023, the allowance for credit losses was \$192,620 and \$305,636, respectively.

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, 2024 and 2023.

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.

Family and Children's Association, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Reclassifications

Certain 2023 amounts have been reclassified to conform with the 2024 presentation.

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, 2024 and 2023, respectively:

| | | 2024 | | | | | | |
|------------------------------|----|----------------------------|----------------------|------------------------------|---------------------------|-----------------------------|-------------------|--------------|
| | | Mental Health and Wellness | Residential Services | Family and Community Support | Senior and Adult Services | Harm Reduction and Recovery | Clinical Services | Total |
| Revenue from contracts: | | | | | | | | |
| Medicaid | \$ | 121,952 | \$ 1,755,700 | \$ - | \$ - | \$ - | \$ 106,169 | \$ 1,983,821 |
| Health Homes | | 624,843 | - | - | - | - | - | 624,843 |
| Medicaid Managed Care | | 508,621 | - | - | - | - | 871,767 | 1,380,388 |
| Client fees | | - | - | 277,683 | 276,852 | - | 294,945 | 849,480 |
| Rental income | | - | - | - | - | 14,415 | - | 14,415 |
| Medicare | | - | - | - | 9,239 | - | 31,391 | 40,630 |
| SSI | | - | 147,638 | - | - | - | - | 147,638 |
| Total revenue from contracts | | | | | | | | |
| | \$ | 1,255,416 | \$ 1,903,338 | \$ 277,683 | \$ 286,091 | \$ 14,415 | \$ 1,304,272 | \$ 5,041,215 |
| | | 2023 | | | | | | |
| | | Mental Health and Wellness | Residential Services | Family and Community Support | 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 | | | | | | | | |
| | \$ | 1,455,422 | \$ 1,999,157 | \$ 206,813 | \$ 312,150 | \$ 15,956 | \$ 1,019,445 | \$ 5,008,943 |

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, 2024 or 2023.

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

| | 2024 | | |
|----------------------------|--|---|---------------------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Total Fair Value |
| Common stock | \$ 527,578 | \$ - | \$ 527,578 |
| Mutual funds, equities | 927,328 | - | 927,328 |
| Mutual funds, fixed income | 101,285 | - | 101,285 |
| Corporate bonds | - | 1,254,239 | 1,254,239 |
| Total | <u>\$ 1,556,191</u> | <u>\$ 1,254,239</u> | 2,810,430 |
| Cash and cash equivalents | | | <u>31,268</u> |
| Total investments | | | <u>\$ 2,841,698</u> |

| | 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> |

Interest and dividend income approximated \$47,000 and \$28,000, respectively, for 2024 and \$95,000 and \$24,000, respectively, for 2023.

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, 2024 and 2023, there was no transfer from investments.

Family and Children's Association, Inc.

Notes to Financial Statements

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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.

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

| | 2024 | | | |
|----------------------------------|-------------------------|---------------|-------------------|------------|
| | With Donor Restrictions | | | Total |
| | Board-Designated | Original Gift | Accumulated Gains | |
| Board-designated endowment funds | \$ 244,528 | \$ - | \$ - | \$ 244,528 |
| Donor-restricted endowment funds | - | 382,333 | 41,625 | 423,958 |
| Total | \$ 244,528 | \$ 382,333 | \$ 41,625 | \$ 668,486 |

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| | 2023 | | | |
|----------------------------------|-------------------------|-------------------|-------------------|-------------------|
| | With Donor Restrictions | | | |
| | Board-Designated | Original Gift | Accumulated Gains | Total |
| 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> |

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

| | 2024 | |
|-------------------------------|-------------------|------------------------------------|
| | Board-Designated | Net Assets with Donor Restrictions |
| Net assets, beginning of year | \$ 247,210 | \$ 405,688 |
| Investment income | 22,318 | 18,270 |
| Transfer for operations | (25,000) | - |
| Net assets, end of year | <u>\$ 244,528</u> | <u>\$ 423,958</u> |

| | 2023 | |
|-------------------------------|-------------------|------------------------------------|
| | Board-Designated | Net Assets with Donor Restrictions |
| 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> |

6. Property, Plant and Equipment, Net

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

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Land | \$ 419,000 | \$ 504,000 |
| Furniture and equipment | 2,364,077 | 2,172,617 |
| Building and improvements | 8,744,315 | 9,923,803 |
| Vehicles | 979,386 | 1,000,194 |
| Construction in progress | 511,295 | 202,735 |
| Total | 13,018,073 | 13,803,349 |
| Accumulated depreciation and amortization | <u>4,888,690</u> | <u>5,070,363</u> |
| Property, plant and equipment, net | <u>\$ 8,129,383</u> | <u>\$ 8,732,986</u> |

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Notes to Financial Statements

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Total depreciation and amortization expense for the years ended December 31, 2024 and 2023 approximated \$718,000 and \$788,000, respectively.

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 of approximately \$89,000, a gain of approximately \$511,000 was recognized on the sale of the building, included in other income.

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>2024</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Operating lease cost: | | |
| Lease cost, leases with terms greater than one year | \$ 685,188 | \$ 626,742 |
| Total lease cost | <u>\$ 685,188</u> | <u>\$ 626,742</u> |

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

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|---------------------|---------------------|
| Operating lease liabilities: | | |
| Current | \$ 677,377 | \$ 484,544 |
| Long-term | 848,187 | 650,531 |
| Total operating lease liabilities | <u>\$ 1,525,564</u> | <u>\$ 1,135,075</u> |

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

| | <u>2024</u> | <u>2023</u> |
|---|-------------|-------------|
| Operating cash flows from operating leases * | \$ 672,039 | \$ 510,790 |
| Right-of-use leased assets obtained in exchange for operating lease obligations | \$ 989,647 | \$ 473,891 |
| Weighted-average remaining lease term: | | |
| Operating leases | 2.87 | 2.28 |
| Weighted-average discount rate on operating leases | 5.10% | 6.34% |

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

Family and Children's Association, Inc.

Notes to Financial Statements

December 31, 2024 and 2023

Future minimum lease payments as of December 31, 2024 were:

| | | |
|-----------------------------|----|------------------|
| 2025 | \$ | 734,885 |
| 2026 | | 438,462 |
| 2027 | | 205,377 |
| 2028 | | 179,043 |
| 2029 | | 68,898 |
| | | <u>1,626,665</u> |
| Less present value discount | | <u>101,101</u> |
| Total | \$ | <u>1,525,564</u> |

8. Note Payable to Bank

As of December 31, 2024 and 2023, the Organization had 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. The Organization was not in compliance with the nonfinancial covenants as of December 31, 2024 and obtained a waiver. As of December 31, 2024, the outstanding balance on the line was \$1,930,000 and the interest rate was 7.50%. There was no outstanding balance on the line as of December 31, 2023. The line expires on February 27, 2026. (see Note 19)

For the year ended December 31, 2024, the interest expense was approximately \$68,000. There was no interest expense on the line for the year ended December 31, 2023.

9. Net Assets With Donor Restrictions

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

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Capital Campaign, purpose restricted | \$ 96,000 | \$ 96,000 |
| Nursery Coop, time and purpose restricted | 141,597 | 185,180 |
| Learning Center, purpose restricted | 74,552 | 75,176 |
| PACT - Lullaby, purpose restricted | 25,000 | - |
| Senior Financial, purpose restricted | 25,899 | - |
| CCBHC, purpose restricted | 25,000 | - |
| Adopt-a-family, purpose restricted | 17,017 | 14,040 |
| SNUG, purpose restricted | 5,000 | - |
| Elder Abuse Intervention, purpose restricted | 3,360 | - |
| WalkAbout, purpose restricted | 380 | 380 |
| Ombuds, purpose restricted | 250 | 250 |
| Back-to-school, purpose restricted | 1,285 | 850 |
| Total subject to expenditure for specified purposes | 415,340 | 371,876 |
| Perpetual endowment fund | 423,958 | 405,688 |
| Total | <u>\$ 839,298</u> | <u>\$ 777,564</u> |

Family and Children's Association, Inc.

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December 31, 2024 and 2023

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:

| | 2024 | 2023 |
|-----------------|-------------------|-------------------|
| Nursery Coop | \$ 185,180 | \$ 325,605 |
| Learning Center | 10,622 | 18,992 |
| Scholarship | - | 8,448 |
| Camp | - | 8,675 |
| Adopt-a-Family | - | 3,606 |
| Total | <u>\$ 195,802</u> | <u>\$ 365,326</u> |

10. Special Events Revenue

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

| | 2024 | | |
|---------------------|-------------------|------------------------------------|-------------------|
| | Gross Revenue | Costs of Direct Benefits to Donors | Net Revenue |
| Harvest Celebration | \$ 282,420 | \$ 16,688 | \$ 265,732 |
| Golf outing | 106,732 | 48,357 | 58,375 |
| Scholarship event | 48,850 | 5,956 | 42,894 |
| Other | 54,409 | 10,140 | 44,269 |
| Total | <u>\$ 492,411</u> | <u>\$ 81,141</u> | <u>\$ 411,270</u> |

| | 2023 | | |
|---------------------|-------------------|------------------------------------|-------------------|
| | Gross Revenue | Costs of Direct Benefits to Donors | Net Revenue |
| Harvest Celebration | \$ 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 |
| Total | <u>\$ 561,416</u> | <u>\$ 141,120</u> | <u>\$ 420,296</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.

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12. Liquidity and Availability of Resources

The Organization's financial assets available within one year of December 31, 2024 and 2023 for general expenditures such as operating expenses and fixed asset purchases not financed with debt financing are as follows:

| | 2024 | 2023 |
|--|---------------|--------------|
| Cash and cash equivalents | \$ 2,140,597 | \$ 1,544,136 |
| Investments | 2,841,698 | 2,609,292 |
| Accounts receivable | 7,452,612 | 5,693,657 |
| Contributions receivable | 348,547 | 90,180 |
| Total financial assets | 12,783,454 | 9,937,265 |
| Less amounts unavailable for general expenditures within one year, due to: | | |
| Time and purpose restricted | 415,340 | 371,876 |
| Perpetual endowment fund | 423,958 | 405,688 |
| Board-designated, scholarship fund | 244,528 | 247,210 |
| Total financial assets available | \$ 11,699,628 | \$ 8,912,491 |

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.

13. Related-Party Transactions

During the year ended December 31, 2024, the Organization received discounted legal and banking services from an entity in which two Board members are partners or employees. During the year ended December 31, 2023, the Organization received discounted legal services from an entity in which a Board member is a partner. Amounts incurred for such legal and banking services were approximately \$15,000 and \$59,000, respectively, during the year ended December 31, 2024. Amounts incurred for such legal services were approximately \$34,000 during the year ended December 31, 2023. Both arrangements were disclosed and approved by the Board of Trustees.

For the years ended December 31, 2024 and 2023, approximately \$277,000 and \$119,000, 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 2024 and 2023).

Pension expense for the years ended December 31, 2024 and 2023 was approximately \$408,000 and \$394,000, respectively.

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December 31, 2024 and 2023

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 \$202,000 and \$172,000 as of December 31, 2024 and 2023, respectively, are classified as other assets and other liabilities in the Organization's statements of financial position. As of December 31, 2024 and 2023, total employer contributions into the Plan since inception totaled approximately \$150,000 and \$135,000, respectively, included in these amounts are approximately \$15,000 for the years ended December 31, 2024 and 2023.

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.

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. Subsequent Events

Management has evaluated subsequent events through July 18, 2025, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements. In February 2025, the revolving line of credit decreased from \$3,000,000 to \$2,000,000.