

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Financial Statements and
Supplementary Information

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
York College Child and Family Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of York College Child and Family Center, Inc. (the Center) as of and for the years ended June 30, 2018 and 2017, and related notes to financial statements, which collectively comprise the Center's financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 Center'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 Center'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 net position of York College Child and Family Center, Inc. as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 1, 2018

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Management's Discussion and Analysis

June 30, 2018

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of York College Child and Family Center, Inc.'s (the Center) net position as of June 30, 2018, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Center's net position increased by \$39,983 or 7%.
- The Center's revenue decreased by \$3,345 or 1%.
- The Center's expenses decreased by \$56,087 or 6%.

Financial Position

The Center's net position, the difference between assets and liabilities, is one way to measure the Center's financial health or financial position. Over time, increases and decreases in the Center's net position is one indicator of whether its financial health is improving.

Statements of Net Position

The following summarizes the Center's assets, liabilities and net position as of June 30, 2018 and 2017, under the accrual basis of accounting:

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Cash and equivalents	\$ 535,665	369,040	166,625	45%
Accounts receivable and prepaid expenses	<u>127,275</u>	<u>271,700</u>	<u>(144,425)</u>	<u>(53%)</u>
Total assets	<u>662,940</u>	<u>640,740</u>	<u>22,200</u>	<u>3%</u>
Liabilities	<u>31,367</u>	<u>49,150</u>	<u>(17,783)</u>	<u>(36%)</u>
Unrestricted net position	\$ <u>631,573</u>	<u>591,590</u>	<u>39,983</u>	<u>7%</u>

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

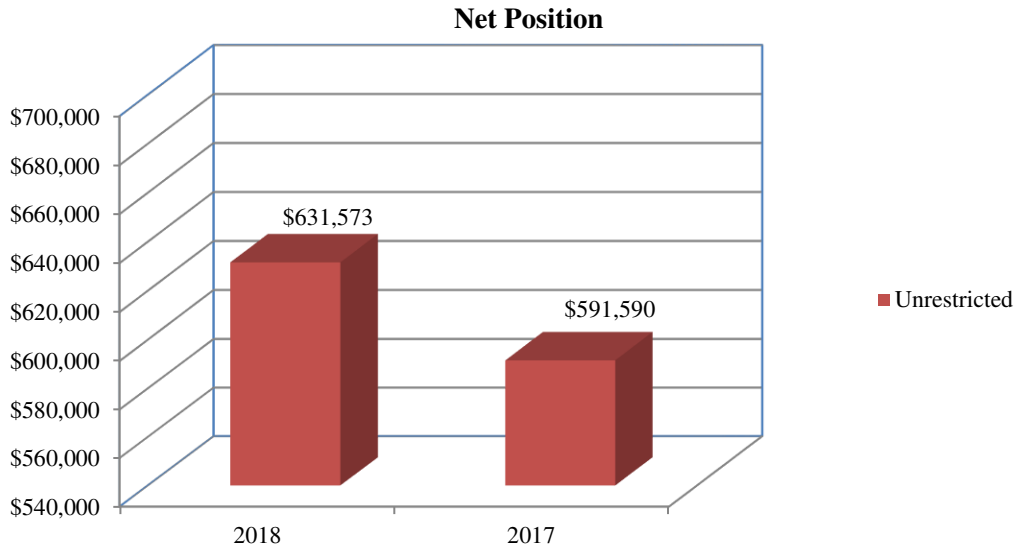
Management's Discussion and Analysis, Continued

At June 30, 2018, the Center's total assets increased by \$22,200 or 3%, compared to the previous year. The majority of this variance is due to an increase of \$166,625 in cash and equivalents due to subsidies for the Universal Pre-Kindergarten program and from CUNY for providing child care services for children of students enrolled at the College. This was offset by a decrease in accounts receivable of \$144,633 primarily due to the timing of the CUNY subsidy.

The Center's total current liabilities decreased by \$17,783 or 36%, compared to the previous year. This variance was attributable to a decrease in accounts payable and accrued expenses due to a reduction in spending.

There were no other significant or unexpected changes in the Center's assets and liabilities.

The following illustrates the Center's net position at June 30, 2018 and 2017 by category:



YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Management's Discussion and Analysis, Continued

Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Center, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2018 and 2017 are as follows:

Revenue

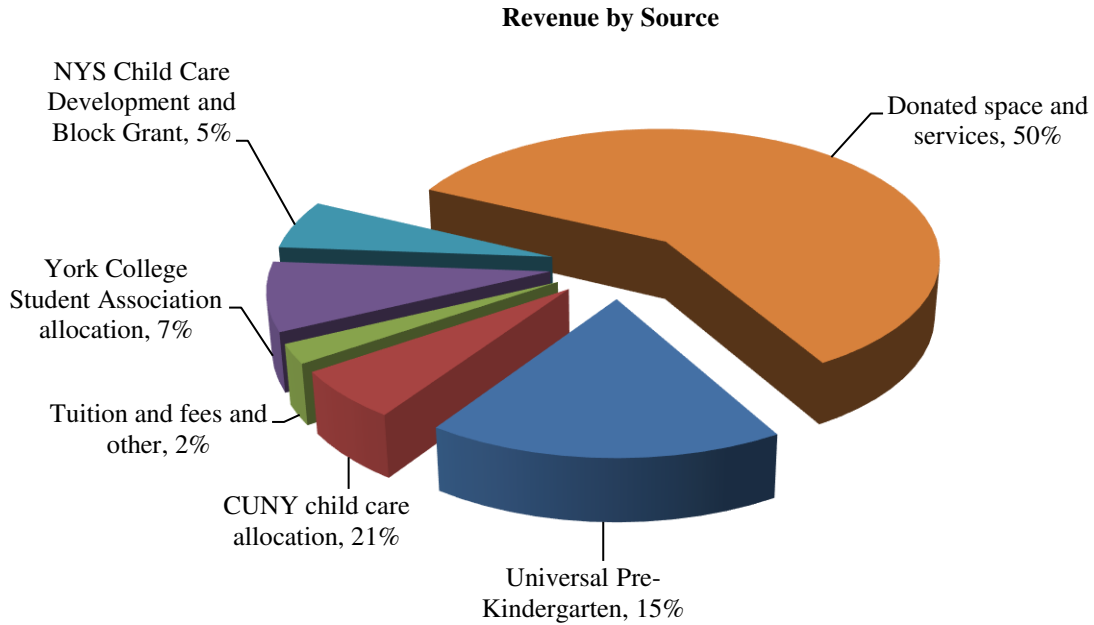
	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Revenue:				
Donated space and services	\$ 459,902	493,814	(33,912)	(7%)
CUNY child care allocation	188,612	150,000	38,612	26%
York College Student Association allocation	64,820	64,815	5	1%
Tuition and fees	14,009	17,793	(3,784)	(21%)
NYS Child Care Development and Block Grant	48,682	51,808	(3,126)	(6%)
Universal Pre-Kindergarten	137,636	138,693	(1,057)	(1%)
Other	<u>772</u>	<u>855</u>	<u>(83)</u>	(10%)
Total revenue	\$ <u>914,433</u>	<u>917,778</u>	<u>(3,345)</u>	(1%)

The Center's total revenue for the year ended June 30, 2018 amounted to \$914,433, a decrease of \$3,345 or 1%, compared to the previous year. There was an increase of \$38,612 or 26% in the CUNY child care allocation due to a revised allocation from New York State, which was offset by a decrease of \$33,912 or 7% in donated space and services due to a reduction in time dedicated to the Center by the Board of Directors.

There were no other significant or unexpected changes in the Center's revenue.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.
Management's Discussion and Analysis, Continued

The following illustrates the Center's revenue, by source, for the year ended June 30, 2018:



Expenses

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Expenses:				
Donated space and services	\$ 459,902	493,814	(33,912)	(7%)
Program services	384,308	403,836	(19,528)	(5%)
Supporting services	26,011	25,942	69	1%
Insurance	4,069	3,983	86	2%
Other	<u>160</u>	<u>2,962</u>	<u>(2,802)</u>	(95%)
Total expenses	\$ <u>874,450</u>	<u>930,537</u>	<u>(56,087)</u>	(6%)

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

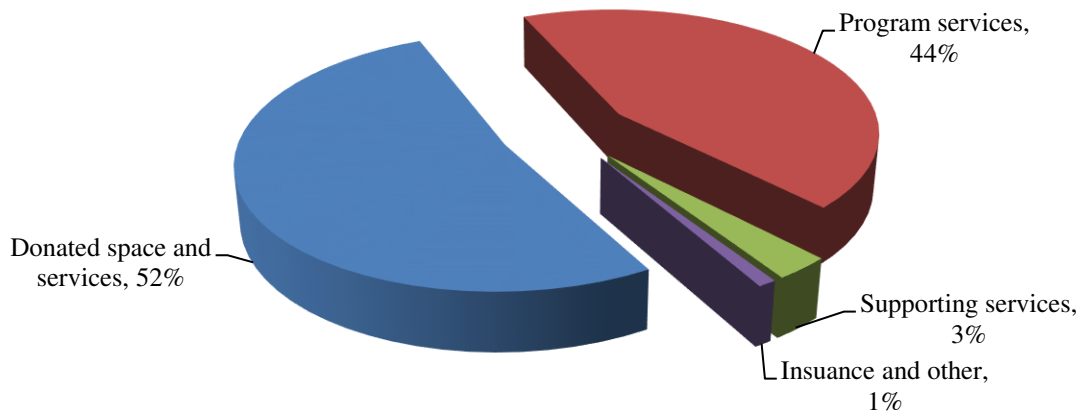
Management's Discussion and Analysis, Continued

Total expenses for the year ended June 30, 2018 were \$874,450, a decrease of \$56,087 or 6%, compared to the previous year. The major components of this variance were related to a decrease in donated space services of \$33,912 or 7% due to a reduction in time dedicated to the Center by the Board of Directors. In addition, there was a reduction of program services and other of \$19,528 and \$2,802, respectively, as the expenses for the commencement of the Universal Pre-kindergarten were primarily incurred last fiscal year.

There were no other significant or unexpected changes in the Center's expenses.

The following illustrates the Center's expenses, by category, for the year ended June 30, 2018:

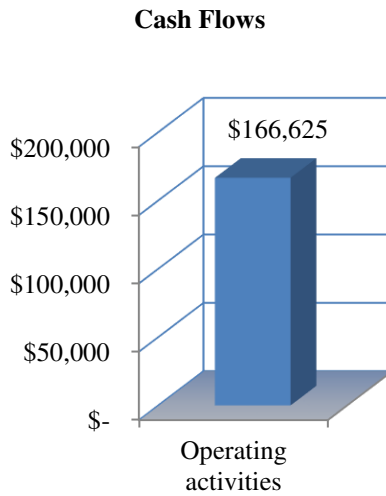
Expenses by Category



YORK COLLEGE CHILD AND FAMILY CENTER, INC.
Management's Discussion and Analysis, Continued

Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users to assess the Center's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the Center's cash flows for the year ended June 30, 2018:



Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.
 Statements of Net Position
 June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents (notes 2 and 3)	\$ 535,665	369,040
Accounts receivable	124,027	268,660
Prepaid expenses	<u>3,248</u>	<u>3,040</u>
Total assets	<u>662,940</u>	<u>640,740</u>
 <u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses	<u>31,367</u>	<u>49,150</u>
 <u>Net Position</u>		
Unrestricted	<u>\$ 631,573</u>	<u>591,590</u>

See accompanying notes to financial statements.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
Donated space and services	\$ 459,902	493,814
CUNY child care allocation	188,612	150,000
York College Student Association allocation	64,820	64,815
Tuition and fees	14,009	17,793
NYS Child Care Development and Block Grant	48,682	51,808
Universal Pre-Kindergarten	137,636	138,693
Other	<u>772</u>	<u>855</u>
Total operating revenue	<u>914,433</u>	<u>917,778</u>
Operating expenses:		
Donated space and services	459,902	493,814
Program services	384,308	403,836
Supporting services	26,011	25,942
Insurance	4,069	3,983
Other	<u>160</u>	<u>2,962</u>
Total operating services	<u>874,450</u>	<u>930,537</u>
Income (loss) from operations	39,983	(12,759)
Net position at beginning of year	<u>591,590</u>	<u>604,349</u>
Net position at end of year	<u>\$ 631,573</u>	<u>591,590</u>

See accompanying notes to financial statements.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.
 Statements of Cash Flows
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash receipts from:		
CUNY child care allocation	\$ 338,612	150,000
York College Student Association allocation	64,815	65,228
Tuition and fees	14,009	17,793
NYS Child Care Department and Block Grant	4	127,073
Universal Pre-Kindergarten	181,200	85,005
Other	524	1,222
Cash payments to/for:		
Program services	(402,091)	(358,185)
Supporting services	(26,011)	(31,717)
Insurance and other	<u>(4,437)</u>	<u>(7,185)</u>
Net cash provided by operating activities	<u>166,625</u>	<u>49,234</u>
Net increase in cash and equivalents	166,625	49,234
Cash and equivalents at beginning of year	<u>369,040</u>	<u>319,806</u>
Cash and equivalents at end of year	<u>\$ 535,665</u>	<u>369,040</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	39,983	(12,759)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Accounts receivable	144,633	22,337
Prepaid expenses	(208)	(240)
Accounts payable and accrued expenses	<u>(17,783)</u>	<u>39,896</u>
Net cash provided by operating activities	<u>\$ 166,625</u>	<u>49,234</u>
Supplemental schedule of non cash flow information:		
Donated space and services revenue	<u>\$ 459,902</u>	<u>493,814</u>
Donated space and services expenses:		
Professional services	184,094	218,006
Facilities	<u>275,808</u>	<u>275,808</u>
	<u>\$ 459,902</u>	<u>493,814</u>

See accompanying notes to financial statements.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements

June 30, 2018 and 2017

(1) Nature of Organization

The York College Child and Family Center, Inc. (the Center) was organized to operate within the bylaws, policies and regulations of the City University of New York (CUNY) and the policies, regulations and orders of York College (the College). The purpose of the Center is to provide an educational and development program for children of registered degree students at the College during times of regularly scheduled college classroom instruction in order that students with child care responsibilities may pursue their educational programs at the College.

The Center was organized exclusively for charitable, educational and scientific purposes and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Although the Center is a separate and independent legal entity, it carries out operations which are integrally related to CUNY and, therefore, is included as a part of CUNY's financial reporting entity.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Center's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Center is considered to be a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed, in whole or in part, by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Center is also considered to be a discretely presented component unit of the CUNY, as defined by GASB.

(b) Net Position

The Center's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Center to maintain them in perpetuity.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Net Position, Continued

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Center or the passage of time.

Unrestricted - All other net position including net position designated by actions, if any, of the Center's Board of Directors.

At June 30, 2018, the Center had only unrestricted net position.

(c) Cash and Equivalents

Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

(d) Accounts Receivable

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(e) Revenue Recognition

Revenues are recognized in the period earned. The Center derives a portion of its revenue from fees billed to students whose children are provided day care services. The Center recognized revenue of \$188,612 during fiscal year ended June 30, 2018 and \$150,000 for fiscal year 2017 from CUNY for providing child day care services for children of students enrolled at the College. As of June 30, 2017, \$150,000 is included in accounts receivable in the accompanying statements of net position. For the years ended June 30, 2018 and 2017 the Center recognized revenue of \$64,820 and \$64,815, respectively, from allocations from the York College Student Association, and these amounts are also included in accounts receivable in the accompanying statements of net position at June 30, 2018 and 2017, respectively.

(f) Donated Space and Services

The Center operates on the campus of the College and utilizes office space and equipment, as well as personal services of certain college employees. The cost savings associated with such arrangements are recorded as donated space and services and are recognized as revenue and expenses in the accompanying financial statements based on the fair value of such services (note 6).

(g) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures 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.

(i) Subsequent Events

The Center has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(j) Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Center has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Center presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Center has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Center are subject to examination by taxing authorities.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Center's deposits may not be returned in the event of a bank failure. At June 30, 2018, the Center's cash and equivalents balance was below the federal threshold and therefore none of its cash and equivalents balance was exposed to custodial credit risk.

Cash and equivalents consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Operating account	\$ 331,925	156,856
Operating account - UPK	75,970	85,014
Money market	<u>127,770</u>	<u>127,170</u>
	<u>\$ 535,665</u>	<u>369,040</u>

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements, Continued

(4) Child Care Program Grant

The Center's agreement with the Research Foundation of the City University of New York (the Research Foundation) provides for the Research Foundation to maintain custody of the Federal Child Care Development Grant and reimburse the Center for allowable costs incurred up to the amount of the grant received. As of June 30, 2018 and 2017, \$48,682 and \$4, respectively, was due from the Research Foundation related to this grant and these amounts are included in accounts receivable in the accompanying statements of net position. The Research Foundation reimbursed the Center for allowable costs of \$48,682 and \$51,808 for the years ended June 30, 2018 and 2017, respectively.

(5) Program Services

At June 30, 2018 and 2017, program services consisted of the following:

	<u>2018</u>	<u>2017</u>
Personnel services	\$ 368,020	387,757
Food and supplies	<u>16,288</u>	<u>16,079</u>
	\$ <u>384,308</u>	<u>403,836</u>

Salary and benefit payments for the Center's employees are paid by the Research Foundation and reimbursed by the Center. Personnel services expense for the years ended June 30, 2018 and 2017 includes \$26,775 and \$28,050, respectively, of administrative fees paid to the Research Foundation for these services.

(6) Donated Space and Services

The Center utilizes certain professional services and facilities provided by the College. The estimated fair values of professional services and facilities are included in the accompanying statements of revenue, expenses and changes in net position. Professional services and facilities for the years ended June 30, 2018 and 2017 amounted to the following:

	<u>2018</u>	<u>2017</u>
Professional services	\$ 184,094	218,006
Facilities	<u>275,808</u>	<u>275,808</u>
	\$ <u>459,902</u>	<u>493,814</u>

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements, Continued

(7) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning July 1, 2018 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements, Continued

(7) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 89 - "Accounting for Interest Cost Incurred Before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning July 1, 2020 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning July 1, 2019 for the Center. This Statement is not expected to have a material effect on the financial statements of the Center.