

**Little Flower Children and  
Family Services of New York**

Financial Statements and  
Supplementary Information

June 30, 2018 and 2017



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# Little Flower Children and Family Services of New York

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June 30, 2018 and 2017

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## **Independent Auditors' Report**

Board of Directors  
Little Flower Children and  
Family Services of New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Little Flower Children and Family Services of New York (the "Agency"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 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 Agency as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 24 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 as a whole.

### ***Report on Supplementary Information Required by the City of New York Administration for Children's Services***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 25 to 32, as required by the City of New York Administration for Children's Services ("ACS"), is presented for purposes of additional analysis and is not a required part of the financial statements. The aforementioned information has been prepared in the prescribed format and following the instructions of ACS. 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 as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Melville, New York  
November 30, 2018

**Little Flower Children and  
Family Services of New York**

Statements of Financial Position  
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,189,240	\$ 728,963
Cash held as agent	391,348	395,157
Short-term investments	3,189,252	3,849,004
Accounts receivable, net of allowance for doubtful accounts of \$68,500 and \$72,408 as of June 30, 2018 and 2017, respectively	8,306,789	8,464,898
Grants receivable	97,215	568,776
Due from affiliate	15,293	30,335
Prepaid expenses and other current assets	373,995	300,153
Total current assets	13,563,132	14,337,286
<b>Land, Buildings and Improvements, and Equipment, Net</b>	9,445,744	9,466,799
<b>Construction in Progress</b>	133,051	12,202
<b>Due from Affiliate, Long-Term</b>	312,125	326,000
<b>Other Assets</b>	67,713	48,613
Total assets	<u>\$ 23,521,765</u>	<u>\$ 24,190,900</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,657,979	\$ 2,692,535
Accounts payable held as agent	391,348	395,157
Due to governmental agencies	2,878,587	2,519,822
Accrued salaries and related costs	699,927	609,789
Refundable advances	139,055	86,653
Current portion of long-term debt	91,462	141,437
Current portion of bonds payable	50,000	50,000
Current portion of capital leases payable	109,291	100,799
Current portion of accrued compensated absences payable	1,179,061	1,126,784
Total current liabilities	8,196,710	7,722,976
<b>Long-Term Debt</b>	671,044	766,834
<b>Bonds Payable</b>	638,031	693,834
<b>Capital Leases Payable</b>	289,358	135,403
<b>Accrued Compensated Absences Payable</b>	1,409,591	1,503,148
<b>Deferred Rent</b>	183,817	306,363
Total liabilities	<u>11,388,551</u>	<u>11,128,558</u>
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Unrestricted	11,685,335	12,517,007
Temporarily restricted	447,879	545,335
Total net assets	<u>12,133,214</u>	<u>13,062,342</u>
Total liabilities and net assets	<u>\$ 23,521,765</u>	<u>\$ 24,190,900</u>

See notes to financial statements

**Little Flower Children and  
Family Services of New York**

Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Unrestricted Net Assets</b>		
<b>Revenue</b>		
Program services:		
Foster boarding home	\$ 16,586,336	\$ 17,015,579
Bridges to Health	3,471,682	4,202,680
Medical/mental health	3,983,506	3,817,958
Residential treatment center	12,664,408	11,513,716
Health home	891,325	399,581
Adult residential services	9,241,216	8,932,691
Day habilitation	478,175	484,998
Family care	2,884,543	3,432,384
Managed service coordination	773,631	809,360
Elder care	-	129,826
Bridges to Families and BIP	-	437,287
Grants	51,104	221,890
	<u>51,025,926</u>	<u>51,397,950</u>
Total program services	<u>51,025,926</u>	<u>51,397,950</u>
<b>Other Revenue</b>		
Contributions	398,841	294,856
Fundraising and special events, net of direct expenses	275,975	278,154
Other income	434,849	400,422
Interest and investment gain, net	262,498	363,986
Net assets released from restrictions	159,429	133,717
	<u>1,531,592</u>	<u>1,471,135</u>
Total other revenue	<u>1,531,592</u>	<u>1,471,135</u>
Total revenue	<u>52,557,518</u>	<u>52,869,085</u>
<b>Expenses</b>		
Program services:		
Foster boarding home	15,539,310	16,035,776
Bridges to Health	2,863,615	3,351,652
Medical/mental health	4,144,355	4,244,790
Residential treatment center	11,394,910	10,018,743
Health home	1,082,581	738,701
Adult residential services	8,902,881	7,798,360
Day habilitation	555,129	529,906
Family care	2,606,300	2,574,890
Managed service coordination	759,831	710,480
Elder care	-	169,624
Bridges to Families and BIP	-	301,343
Grants	56,303	200,174
	<u>47,905,215</u>	<u>46,674,439</u>
Total program services	<u>47,905,215</u>	<u>46,674,439</u>
<b>Supporting Services</b>		
Management and general	4,833,901	4,793,993
Fundraising	718,733	595,995
	<u>5,552,634</u>	<u>5,389,988</u>
Total supporting services	<u>5,552,634</u>	<u>5,389,988</u>
Total expenses	<u>53,457,849</u>	<u>52,064,427</u>
Change in unrestricted net assets before foster care accrual adjustment	(900,331)	804,658
Foster care accrual adjustment	68,659	1,423
Accrual for potential liability to government agency	-	-
	<u>(831,672)</u>	<u>806,081</u>
Change in unrestricted net assets	<u>(831,672)</u>	<u>806,081</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions	57,460	59,299
Interest and investment income, net	4,513	3,657
Net assets released from restrictions	(159,429)	(133,717)
	<u>(97,456)</u>	<u>(70,761)</u>
Change in temporarily restricted net assets	<u>(97,456)</u>	<u>(70,761)</u>
Changes in net assets	(929,128)	735,320
<b>Net Assets, Beginning of Year</b>	<u>13,062,342</u>	<u>12,327,022</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,133,214</u>	<u>\$ 13,062,342</u>

See notes to financial statements

**Little Flower Children and  
Family Services of New York**

Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (929,128)	\$ 735,320
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	923,014	926,651
(Decrease) increase in allowance for doubtful accounts	(3,908)	7,592
Net realized and unrealized gains on short-term investments	(240,997)	(367,643)
Deferred rent	(122,546)	(122,547)
(Increase) decrease in assets:		
Cash held as agent	3,809	(8,087)
Accounts receivable	162,017	249,928
Grants receivable	471,561	(260,746)
Due from affiliate	15,042	(17,753)
Prepaid expenses and other current assets	(73,842)	17,121
Other assets	(19,100)	(2,900)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(34,556)	(515,351)
Accounts payable held as agent	(3,809)	8,087
Due to governmental agencies	358,765	(1,952,946)
Accrued salaries and related costs	90,138	(405,834)
Refundable advances	52,402	(168,575)
Accrued compensated absences payable	(41,280)	28,281
Net cash flows from operating activities	<u>607,582</u>	<u>(1,849,402)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	1,108,008	1,101,929
Purchase of investments	(207,259)	(171,924)
Purchase of land, building and improvements, and equipment	(608,865)	(295,885)
(Increase) decrease in construction in progress	(120,849)	11,233
Decrease in due from affiliate, long-term	13,875	10,278
Net cash flows from investing activities	<u>184,910</u>	<u>655,631</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(145,765)	(183,905)
Principal payments on bonds payable	(55,803)	(55,803)
Proceeds from capital leases	-	-
Principal payments on capital leases	(130,647)	(95,545)
Net cash flows from financing activities	<u>(332,215)</u>	<u>(335,253)</u>
Net increase (decrease) in cash and cash equivalents	460,277	(1,529,024)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>728,963</u>	<u>2,257,987</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,189,240</u>	<u>\$ 728,963</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid during the year for:		
Interest	<u>\$ 114,875</u>	<u>\$ 106,614</u>

Noncash Transactions:

During the years ended June 30, 2018 and 2017, the Agency acquired thirteen and five vehicles, respectively, via capital lease financing in the amounts of approximately \$293,094 and \$92,000, respectively.



# Little Flower Children and Family Services of New York

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Notes to Financial Statements  
June 30, 2018 and 2017

## 1. Description of Organization and Summary of Significant Accounting Policies

### Nature of Operations

Little Flower Children and Family Services of New York (the "Agency") is a non-profit corporation operating in New York State. The Agency was organized to care for neglected and dependent children in a residential or foster home setting and to provide for the spiritual, physical and intellectual welfare of such children. The Agency also provides social, mental health and residential services for adults. During the year ended June 30, 2016, the Agency created two new entities, LFCFS of New York LLC and LFCFS Holding LLC, which did not have any assets, liabilities, net assets, revenues, or expenses as of and for the years ended June 30, 2018 and 2017.

### Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Agency's financial statements distinguish net assets between unrestricted and temporarily restricted net assets. The Agency does not possess any permanently restricted net assets.

### Cash and Cash Equivalents

The Agency considers all highly liquid debt instruments with original maturities of three months or less, at the date of purchase, to be cash equivalents.

### Investments

Investments are carried at fair value based upon quoted market prices, when available, or estimates of fair value. Investments subject to the provisions of Accounting Standards Update ("ASU") 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*, with no readily determinable fair values are recorded at net asset value per share as a practical expedient to estimating fair value. Investments are shown net of the related commission and consulting fees, which approximated \$25,000 and \$2,000 for the years ended June 30, 2018 and 2017, respectively. Realized and unrealized gains and losses on investments are reported in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is restricted by the donor or by law.

### Land, Building and Improvements, and Equipment

Land, building and improvements, and equipment are stated at cost when purchased and donated assets are stated at fair value at date of donation. The Agency capitalizes property and equipment with a cost of \$5,000 or higher, and a useful life of at least two years. Depreciation of buildings and improvements and equipment is provided over the estimated useful lives of the respective assets (ranging from 3 to 40 years) on a straight-line basis. Depreciation and amortization expense for the years ended June 30, 2018 and 2017 approximated \$923,000 and \$927,000, respectively.

# Little Flower Children and Family Services of New York

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Notes to Financial Statements  
June 30, 2018 and 2017

## Impairment of Long-Lived Assets

The Agency reviews long-lived assets, including plant assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

## Accounts Receivable and Allowance for Doubtful Accounts

Periodically, the accounts receivable balances are reviewed and evaluated as to their collectability. An allowance is then set-up based on these evaluations. A receivable balance is considered past due once it has not been received by its scheduled due date.

## Deferred Rent

Deferred rent represents the cumulative difference between rental expense determined on a straight-line basis, in accordance with accounting principles generally accepted in the United States of America, and the stated amount per the lease agreement.

## Revenue Recognition

Revenues are recorded when earned as services are provided at rates established by state, city, and local governments and agencies. Revenues are subject to audit and possible adjustment by third-party payers. The effects of any such adjustments are recorded when reasonably determinable. Grants are generally earned based on contract rates or costs incurred up to approved amounts and are subject to audit and adjustment based upon regulations of the various funding entities. Additionally, the Agency receives contributions and grants from individuals, organizations, and fundraising events.

## Contributions

The Agency reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in the change in unrestricted net assets.

The Agency reports gifts of property, plant and equipment as unrestricted support 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 these long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

# **Little Flower Children and Family Services of New York**

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Notes to Financial Statements  
June 30, 2018 and 2017

## **Donated Goods and Services**

Donated services requiring specific expertise and donated goods are recorded as in-kind contributions and expensed or capitalized at their fair values as determined by donors. There were no donated goods recorded during the year ended June 30, 2018 and 2017.

During the years ended June 30, 2018 and 2017, a number of general volunteers have donated significant amounts of their time in program services and fundraising campaigns. Such services have not been recognized, since they do not meet the criteria for recognition.

## **Functional Allocation of Expenses**

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

## **Tax-Exempt Status**

The Agency qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a non-profit corporation in New York State. Accordingly, no provision for federal or state income taxes is required.

## **Uncertain Tax Positions**

Management evaluated the Agency's tax positions and concluded that the Agency had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 740.

## **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

## **Subsequent Events**

Management has evaluated subsequent events through November 30, 2018, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

# Little Flower Children and Family Services of New York

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Notes to Financial Statements  
June 30, 2018 and 2017

## Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2014-09 on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance is intended to improve and simplify the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017. ASU 2016-14 is to be applied retroactively with transition provisions. Management is currently evaluating the impact of adopting ASU 2016-14 on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for the Agency for periods beginning after December 15, 2018. Management is currently evaluating the impact of ASU 2018-18 on the financial statements.

## Reclassification

Certain 2017 balances have been reclassified to conform to the 2018 presentation.

## 2. Cash Held as Agent

The Agency acts as agent for adult consumers that participate in its programs who receive benefits and retirement income payments from governmental and private sources. The Agency maintains the records and is responsible for disbursing payments out of these funds for consumer's personal expenses. Separate bank accounts are maintained for these funds as required. Cash held as agent represents the net amount available to the consumers as of June 30, 2018 and 2017.

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

### 3. Short-Term Investments

Short-term investments consist of the following as of June 30:

	2018	
	Cost	Fair Value
Short-term investments in mutual funds	\$ 1,689,531	\$ 2,273,810
Short-term investments in alternative investments	1,133,037	915,442
Total short-term investments	<u>\$ 2,822,568</u>	<u>\$ 3,189,252</u>
	2017	
Short-term investments in mutual funds	\$ 2,440,513	\$ 2,620,912
Short-term investments in alternative investments	1,282,804	1,228,092
Total short-term investments	<u>\$ 3,723,317</u>	<u>\$ 3,849,004</u>

### 4. Fair Value Measurements

The Agency adopted current accounting standards for fair value measurements which provide a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. The fair value measurement standards apply to all assets and liabilities that are measured, reported and/or disclosed on a fair value basis.

As defined in current accounting standards, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Agency uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Agency attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, the organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy. There have been no changes in the valuation methods and no transfers between levels in 2018 and 2017.

	<b>June 30, 2018</b>			
	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Mutual funds:				
Intermediate-term bond	\$ 145,815	\$ -	\$ -	\$ 145,815
Specialty	894,089	-	-	894,089
Moderate allocation	783,377	-	-	783,377
Large growth	447,875	-	-	447,875
Other	2,654	-	-	2,654
Total mutual funds	2,273,810	-	-	2,273,810
Other:				
Hedge funds	-	787,898	127,544	915,442
Total investments	<u>\$ 2,273,810</u>	<u>\$ 787,898</u>	<u>\$ 127,544</u>	<u>\$ 3,189,252</u>

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

	June 30, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds:				
Intermediate-term bond	\$ 168,966	\$ -	\$ -	\$ 168,966
Specialty	1,195,501	-	-	1,195,501
Moderate allocation	789,916	-	-	789,916
Large growth	466,529	-	-	466,529
Total mutual funds	2,620,912	-	-	2,620,912
Other:				
Hedge funds	-	732,196	495,896	1,228,092
Total investments	<u>\$ 2,620,912</u>	<u>\$ 732,196</u>	<u>\$ 495,896</u>	<u>\$ 3,849,004</u>

Reconciliation of Level 3 assets is as follows for the years ended June 30:

	2018	2017
Balance, beginning of year	\$ 495,896	\$ 461,917
Net change in unrealized (depreciation) appreciation from investments still held at the reporting date	(368,352)	33,979
Balance, end of year	<u>\$ 127,544</u>	<u>\$ 495,896</u>

Fair values for Level 1 mutual funds are based on closing sales prices on public exchanges as of June 30, 2018 and 2017.

The Agency invests in three hedge funds (the "Funds") that have no readily determinable fair value. The Funds are recorded at net asset value, as a practical expedient to fair value, and are based on the values provided by the general partner and/or fund managers of the Funds.

The objective of the first Fund is to achieve capital appreciation principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies. These investment strategies allow flexibility of using leverage or short-side positions to take advantage of perceived inefficiencies across the global markets, often referred to as "alternative" strategies.

The objective of the second Fund is to produce positive long-term returns of 10% to 12% per annum over the risk-free rate. Diversification is achieved at both the Trading Fund trading style and market sector level. This Fund, through its allocation of assets to the Trading Funds, invests in a range of trading styles, including long-term trend following, short-term systematic, value, discretionary macro and specialist FX strategies; market exposure is broadly diversified with positions in global currency and financial and commodity markets.

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

The objective of the third Fund is to seek total return. Over an investment cycle, the Fund expects to achieve net returns commensurate with the long-term return on equities with less volatility, and a relatively low degree of correlation to the equity markets. The Fund seeks to achieve its objective by investing directly or indirectly in private funds or other pooled investment vehicles or accounts organized outside the United States ("Portfolio Funds") generally believed not to be highly correlated with the Standard & Poor's 500 Index over a long-term time horizon. The Fund may also invest directly in securities (other than those of Portfolio Funds) or other financial instruments.

Because investment funds following alternative investment strategies are often described as hedge funds, the investment programs of these Funds can be described as funds of hedge funds. As of June 30, 2018 and 2017, the Funds did not have any unfunded commitments. Redemption of the first Fund can occur with written notice of 65 days and are at the sole discretion of the Fund's board of directors and may be restricted if they will negatively impact the Fund's overall performance. The second fund has no redemption restrictions. The third fund offers redemption from time to time, but no assurance can be given that these redemptions will occur as scheduled or at all as they will be conducted at the sole discretion of the Fund's board of directors.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in market conditions in the near term would materially affect the amounts reported in the accompanying financial statements.

## 5. Accounts Receivable and Revenues

Accounts receivable and revenues by funding source are as follows as of June 30:

	<b>2018</b>	
	<b>Accounts Receivable</b>	<b>Revenues</b>
New York City	\$ 3,030,367	\$ 18,643,108
New York State	2,832,442	21,115,506
Suffolk County	1,661,496	8,221,511
Nassau County	782,484	2,789,635
Other	-	256,166
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 8,306,789</u>	<u>\$ 51,025,926</u>
	<b>2017</b>	
	<b>Accounts Receivable</b>	<b>Revenues</b>
New York City	\$ 3,246,320	\$ 19,112,454
New York State	2,722,781	21,807,046
Suffolk County	1,521,468	8,229,309
Nassau County	404,111	2,036,030
Other	570,218	213,111
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 8,464,898</u>	<u>\$ 51,397,950</u>



# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

## 6. Land, Building and Improvements, and Equipment, Net

Land, building and improvements, and equipment, net, consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Land	\$ 302,144	\$ 302,144
Buildings and improvements	17,996,396	17,492,528
Furniture and equipment	3,034,163	2,898,813
Vehicles	1,420,304	1,315,978
Other	483,931	483,931
	<u>23,236,938</u>	<u>22,493,394</u>
Less accumulated depreciation and amortization	13,791,194	13,026,595
Total	<u>\$ 9,445,744</u>	<u>\$ 9,466,799</u>

## 7. Construction in Progress

As of June 30, 2018 and 2017, construction in progress of approximately \$133,000 and \$12,000, respectively, consisted of payments made for miscellaneous improvement projects and restoration work. There are no future commitments as of June 30, 2018 in regards to construction in progress.

## 8. Management Services Agreement

On March 1, 2014, the Agency entered into a management services agreement (the "Agreement") with St. John's Residence for Boys, Inc. ("St. John's") for a period of one year. The Agreement automatically renews for successive one year periods unless terminated by 90 days written notice by either party or written notice by one party within 30 days of a breach by the other. The Agency provides administrative and financial functions to St. John's under this agreement. During the years ended June 30, 2018 and 2017, amounts charged to St. John's under this agreement amounted to approximately \$163,000 and \$158,000, respectively.

During September 2018, the Agency's board and the board of St. John's have agreed to become affiliated during fiscal year 2019.

## 9. Due to Governmental Agencies

Due to governmental agencies represents net payments received in prior years, in excess of amounts earned, and overpayments received from New York City and New York State. Amounts are due upon final audit and reconciliation by the governmental agencies and are not expected to be materially different from the recorded amounts. The liability adjustment due to the completion of final audit and reconciliation of prior years is reflected as a foster care accrual adjustment on the statements of activities and changes in net assets for the years ended June 30, 2018 and 2017.

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

The New York State Office for People With Developmental Disabilities ("OPWDD") and the Office of the Medicaid Inspector General ("OMIG") conducted an audit of certain of the Agency's billings for the period from January 1, 2013 to December 31, 2014. OPWDD has indicated that certain amounts are due back to them as a result of this audit. The Agency has accrued approximately \$399,000 as of June 30, 2016 for this liability and started making payments to OPWDD related to this amount during the year ended June 30, 2017. As of June 30, 2018 the Organization has paid back this liability in full.

During the year ended June 30, 2018 the Agency discovered overpayments from OPWDD for two separate programs in the amounts of approximately \$52,000 and \$429,000. The Agency has notified OPWDD and paid back the \$52,000 in full. As of June 30, 2018, the Agency has accrued \$429,000 for this liability.

## 10. Long-Term Debt and Capital Leases Payable

Long-term debt and capital leases payable consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Mortgage payable in monthly installments of \$4,531 through September 2020, bearing interest at 9.10% per annum, collateralized by the respective property.	\$ 124,013	\$ 164,973
Mortgage payable in monthly installments of \$14,121 through January 2019 and \$6,833 from February 2019 through January 2028, bearing interest at 4.46% per annum, collateralized by the respective property.	638,493	741,009
Vehicle capital leases, which are payable in total monthly installments of \$9,990, with maturity dates between September 2018 and June 2023, bearing interest at rates ranging from 0.57% to 7.55% per annum.	370,770	220,124
Vehicle loan payable in monthly installments of \$1,147 through August 2017, bearing interest at 4.49% per annum.	-	2,289
Scanner software capital lease payable in monthly installments of \$1,414 through May 2018, bearing interest at 12.63% per annum.	27,879	16,078
	<u>1,161,155</u>	<u>1,144,473</u>
Less current maturities	<u>200,753</u>	<u>242,236</u>
Total	<u>\$ 960,402</u>	<u>\$ 902,237</u>

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

Long-term debt and capital leases payable mature approximately as follows for the years ending June 30:

	<u>Capital Leases</u>	<u>Long-Term Debt</u>	<u>Total</u>
2019	\$ 109,000	\$ 91,000	\$ 200,000
2020	100,000	108,000	208,000
2021	75,000	73,000	148,000
2022	68,000	90,000	158,000
2023	47,000	66,000	113,000
Thereafter	-	334,000	334,000
Total	<u>\$ 399,000</u>	<u>\$ 762,000</u>	<u>\$ 1,161,000</u>

The book value of equipment underlying the capital lease obligations, net of accumulated amortization of approximately \$424,000 and \$407,000, approximated \$193,000 and \$247,000 as of June 30, 2018 and 2017, respectively. Amortization expense for the years ended June 30, 2018 and 2017 approximated \$17,000 and \$99,000, respectively.

Interest expense on capital leases and long-term debt for the years ended June 30, 2018 and 2017 approximated \$89,000 and \$82,000, respectively.

## 11. Bonds Payable

In February 2016, the Agency refinanced two existing mortgages of approximately \$614,000 and acquired approximately \$201,000 of additional funding through the issuance of the Dormitory Authority of the State of New York ("DASNY") Series 2016 bonds. The Series 2016 bonds consist of two bonds, one tax-exempt bond in the amount of approximately \$760,000 and one taxable bond in the amount of \$55,000. Each bond requires monthly payments at varying amounts through maturity. The tax-exempt bond matures in July 2028 and the taxable bond matures in July 2017. The interest rate for the tax-exempt bond is fixed per year and varies over the life of the bond ranging from 2% to 4%. The interest rate for the taxable bond is fixed at 1.5% for two years. The DASNY bonds are collateralized by the respective property. The Agency is required to comply with a certain financial covenant on an annual basis throughout the life of the bonds. As of June 30, 2018, the Agency was not in compliance with this financial covenant however the instance of noncompliance shall not constitute an event of default if the Agency delivers to DASNY, the Underwriter and the Trustee, by the next day of the next succeeding fiscal year, a certificate of an Authorized Officer of the Participant along with a schedule or schedules demonstrating compliance with the covenant for a rolling twelve month period ending no earlier than ninety days after the end of the fiscal year for which the Participant is unable to demonstrate compliance.

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

Required annual sinking fund payments on bonds payable are approximately as follows:

Years ending June 30:		
2019	\$	50,000
2020		55,000
2021		60,000
2022		60,000
2023		65,000
Thereafter		<u>340,000</u>
		630,000
Plus unamortized premium		<u>58,000</u>
Total	\$	<u><u>688,000</u></u>

Interest expense on bonds payable for the years ended June 30, 2018 and 2017 approximated \$25,000 and \$26,000, respectively.

## 12. Net Assets

### Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2018 and 2017 consist of amounts restricted by donors for the provision of the culinary arts program, scholarships, the campus industry program and special events for children and are approximately as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Purpose restrictions:		
Culinary arts program	\$ 91,000	\$ 184,000
Scholarships	150,000	162,000
Campus industry program	159,000	155,000
Chapel restoration	28,000	28,000
Special events for children	<u>20,000</u>	<u>16,000</u>
	<u><u>\$ 448,000</u></u>	<u><u>\$ 545,000</u></u>

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

## Release of Temporarily Restricted Net Assets

During the years ended June 30, 2018 and 2017, net assets of approximately \$159,000 and \$134,000, respectively, were released from restrictions by incurring expenses satisfying the restricted purpose as stipulated by the donors as follows:

	<u>2018</u>	<u>2017</u>
Purpose restrictions:		
Culinary arts program	\$ 93,000	\$ 90,000
Scholarships	14,000	16,000
Campus industry program	49,000	25,000
Special events for children	3,000	3,000
	<u>          </u>	<u>          </u>
Total	<u>\$ 159,000</u>	<u>\$ 134,000</u>

## 13. Fundraising and Special Events, Net

The Agency generated revenue from the following special events during the years ended June 30:

	<u>2018</u>		
	<u>Gross Revenue</u>	<u>Direct Benefits to Donors</u>	<u>2018 Net Revenue</u>
Golf outing	\$ 227,700	\$ 47,778	\$ 179,922
Humanitarian award	92,610	30,422	62,188
Other Special Events Revenue	33,865	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 354,175</u>	<u>\$ 78,200</u>	<u>\$ 275,975</u>
	<u>2017</u>		
Golf outing	\$ 157,795	\$ 33,282	\$ 124,513
Humanitarian award	189,641	36,000	153,641
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 347,436</u>	<u>\$ 69,282</u>	<u>\$ 278,154</u>

## 14. Transactions with Affiliate

The Agency is a related party to the Little Flower Union Free School District (the "School"), which operates on its premises. An officer of the Agency and a board member of the Agency are also board members of the School. Current amounts due from affiliate represent certain operating expenses of the School paid by the Agency, and general and administrative services provided by the Agency, and were approximately \$15,000 and \$30,000 for the years ended June 30, 2018 and 2017, respectively.

## Little Flower Children and Family Services of New York

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Notes to Financial Statements  
June 30, 2018 and 2017

During fiscal year 2013, the Agency entered into a contract to renovate the lobby at the School. During the year ended June 30, 2013, approximately \$197,000 of costs were incurred related to this renovation. Additional costs of approximately \$154,000 were incurred related to this renovation during fiscal year 2014. The renovation was completed during fiscal year 2014. The Agency and the School finalized a written repayment agreement related to this renovation, wherein the School agreed to repay the Agency the \$351,000 in renovation costs, plus interest of 2.905% per annum, amortized over 25 years. As of June 30, 2018 and 2017, approximately \$312,000 and \$326,000, respectively, was outstanding under this agreement.

### 15. Pension Plan

The Agency maintains a tax deferred annuity plan (the "403(b) Plan") which is available to all employees. As of January 1, 2014, the 403(b) Plan was amended and restated to include St. John's Residence for Boys, Inc., an entity which has a management agreement with the Agency, as a participating employer. Effective July 1, 2014, the 403(b) Plan allowed for employer basic contributions for eligible employees. For the years ended June 30, 2018 and 2017, the Agency contributed approximately \$774,000 and \$625,000, respectively, to the 403(b) Plan.

Through June 30, 2014, the Agency was a participant in a pension plan that has been characterized for financial accounting purposes as a multi-employer pension plan (the "Diocesan Plan"), a noncontributory defined benefit plan established by the Diocese of Brooklyn. As of June 30, 2014, the Diocesan Plan was frozen. During the year ended June 30, 2015, a multiple-employer defined benefit pension plan (the "Catholic Federation Plan") was created by the Agency and six other entities that were previously participating employers in the Diocesan Plan. The Diocesan Plan transferred the identified portion of assets and liabilities of the Agency and the six other entities to the Catholic Federation Plan. The Catholic Federation Plan is designed to provide retirement benefits for eligible employees of the participating entities. The risks of participating in a multi-employer plan are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating entity stops contributing to the multi-employer plan, the unfunded obligations of the plan may be borne by the remaining participating entities.
- If an entity petitions to stop participating in the multi-employer plan, the entity may be required to pay the plan a withdrawal liability based on the funded status of the plan.

Amounts charged to pension costs for the Catholic Federation Plan for the years ended June 30, 2018 and 2017 totaled approximately \$378,000 and \$838,000, respectively, and are included in the accompanying statements of activities and changes in net assets. Required annual contributions represent approximately 28.7% and 29.3% of total contributions to the Catholic Federation Plan for each of the years ended June 30, 2018 and 2017, respectively.

# Little Flower Children and Family Services of New York

Notes to Financial Statements  
June 30, 2018 and 2017

The following table discloses the name and funded status of the Catholic Federation of Social Services Agencies of Brooklyn and Queens Pension Plan (EIN 26-4439481), referred to above as the Catholic Federation Plan, as of July 1, 2017 (the date of the latest actuarial valuation):

Valuation Date	Actuarial Present Value of Accumulated Plan Benefits	Fair Value of Plan Assets	Total Net Contributions	Funded Status
July 1, 2017	\$ 148,636,235	\$ 108,411,131	\$ 4,182,259	Between 65% and 80% funded
July 1, 2016	\$ 142,902,000	\$ 100,833,000	\$ 3,937,000	Between 65% and 80% funded

During the years ended June 30, 2018 and 2017, the Agency did not pay a surcharge to the Catholic Federation Plan nor did the Catholic Federation Plan have a rehabilitation plan implemented or pending.

In May 2015, the Agency created a 457(b) deferred compensation plan (the "457(b) Plan"), which allows for both participant deferral contributions and employer discretionary contributions, for one employee. The employee will be fully vested at all times in both the deferral contributions and employer discretionary contributions. Pursuant to the agreement, the 457(b) Plan's assets are considered general assets of the Agency until the assets are distributed to the beneficiary. The Agency also created a 457(f) deferred compensation plan (the "457(f) Plan") in May 2015, which allows for participant deferral contributions, for one employee. The employee will be fully vested in the 457(f) Plan account in June 2025. During the years ended June 30, 2018 and 2017, the Agency contributed a total of \$25,000 to the 457(b) Plan and the 457(f) Plan.

## 16. Commitments and Contingencies

### Operating Leases

The Agency is obligated under various noncancellable operating leases for certain of its facilities and equipment, expiring through February 2024. Future minimum lease payments under these operating leases are as follows for the years ending June 30:

	Real Property	Equipment	Total
2019	\$ 2,543,000	\$ 89,000	\$ 2,632,000
2020	2,239,000	70,000	2,309,000
2021	2,115,000	43,000	2,158,000
2022	2,115,000	17,000	2,132,000
2023	2,132,000	6,000	2,138,000
Thereafter	16,070,000	-	16,070,000
Total	\$ 27,214,000	\$ 225,000	\$ 27,439,000

Facility rent expense for the years ended June 30, 2018 and 2017 approximated \$1,296,000 and \$1,381,000, respectively.

# Little Flower Children and Family Services of New York

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Notes to Financial Statements  
June 30, 2018 and 2017

Equipment rental expense for the years ended June 30, 2018 and 2017 approximated \$235,000 and \$243,000, respectively.

In November 2017, the Agency entered into a facility rental agreement for property in Brooklyn, New York for a term of fifteen years commencing September 2018. Rental expense for the first year of the lease is \$1,207,500 with annual increases of 2.5%.

## **Collective Bargaining Agreement**

Approximately 54% of the Agency's labor force is covered by a collective bargaining agreement that expires on June 30, 2019.

## **17. Government Funding and Possible Rate Adjustments**

Substantial funding of programs is provided to the Agency by New York State, New York City, and the counties of Suffolk and Nassau. Continuation of such funding is dependent on budgetary allocations from such agencies. In addition, reimbursements under contracts or rates are subject to audit by various agencies on a regular basis. The Agency also conducts self-audits of its claims for reimbursement under contracts or rates, and is currently evaluating the nature, scope, and amount of certain potential compliance findings that were identified. Liabilities, if any, resulting from these audits are not presently determinable, except as disclosed in Note 9.

Changes in contract amounts due or payable resulting from audit adjustments or rate appeals are reflected in the operations of the Agency when such adjustments are determined or can be reasonably estimated.

## **18. Off-Balance Sheet Risk and Concentrations of Credit Risk**

Financial instruments which potentially subject the Agency to concentrations of credit risk consist principally of temporary cash investments and accounts receivable from government agencies. The Agency places its temporary cash investments with high credit quality financial institutions. Accounts receivable are predominately from state and local government agencies, including Medicaid, other third-party and private payors. At times throughout the year, the Agency's cash balances with any one financial institution may exceed the federal depository insurance coverage limit.

## **19. Litigation**

The Agency is subject to lawsuits and claims with respect to matters arising in the normal course of business. The Agency 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 Agency. Nevertheless, due to the uncertainty of the settlement process, management's view of the outcome may be modified in the future.



# **Little Flower Children and Family Services of New York**

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Notes to Financial Statements  
June 30, 2018 and 2017

## **20. Reversion Clause**

The Agency's main facility is located on land in Wading River, New York, that is owned by the Roman Catholic Diocese of Brooklyn (the "Diocese"). This land is subject to reversion to the Diocese should the Agency cease to operate in accordance with its mission.

**Little Flower Children and  
Family Services of New York**

Schedule of Functional Expenses

Year Ended June 30, 2018 (with Comparative Totals for 2017)

	Program Services											Management and Fundraising		2018	2017
	Foster Boarding Home	Bridges to Health	Medical/Mental Health	Residential Treatment Center	Health Home	Adult Residential Services	Day Habilitation	Family Care	Managed Service Coordination	Grants	Total	General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 5,214,243	\$ 1,932,329	\$ 2,086,731	\$ 6,851,757	\$ 617,548	\$ 5,178,077	\$ 252,493	\$ 468,851	\$ 568,086	\$ -	\$ 23,170,115	\$ 2,706,308	\$ 288,360	\$ 26,164,783	\$ 25,011,391
Payroll taxes and employee benefits	1,586,241	569,837	615,226	2,111,229	182,048	1,526,926	74,442	138,258	167,468	-	6,971,675	805,815	82,213	7,859,703	7,694,658
Total salaries, payroll taxes and employee benefits	6,800,484	2,502,166	2,701,957	8,962,986	799,596	6,705,003	326,935	607,109	735,554	-	30,141,790	3,512,123	370,573	34,024,486	32,706,049
Expenses:															
Foster parent payments	5,911,703	-	-	-	-	-	-	1,718,619	-	-	7,630,322	-	-	7,630,322	7,891,894
Transportation	137,417	91,003	6,706	56,779	6,730	49,233	129,838	19,635	23,050	-	520,391	31,098	5,401	556,890	548,938
Allowance and activities	213,517	2,281	5,000	191,753	-	13,017	1,157	39	-	-	426,764	-	-	426,764	350,205
Scholarships	-	-	-	-	-	-	-	-	-	-	-	14,115	-	14,115	13,850
Contracted services	601,876	31,003	840,445	198,259	35,848	273,267	20,000	93,928	-	-	2,094,626	258,610	20,106	2,373,342	2,209,886
Food	-	-	-	429,330	-	154,259	2,240	95	-	-	585,924	-	9,125	595,049	599,392
Clothing	-	-	-	52,734	-	21,645	-	400	-	-	74,779	-	250	75,029	79,346
Supplies and small equipment	39,213	4,666	107,900	157,537	2,808	258,881	4,619	15,639	-	-	591,263	31,054	4,526	626,843	637,999
Rent, facilities	632,546	75,488	133,188	-	68,718	273,498	-	12,207	-	-	1,195,645	72,208	28,285	1,296,138	1,380,604
Leased equipment	82,090	13,127	34,469	16,287	10,543	19,728	3,392	13,755	-	-	193,391	35,248	6,807	235,446	243,298
Utilities	117,197	28,616	75,993	260,974	22,767	153,435	14,901	31,025	-	-	704,908	68,248	5,051	778,207	752,541
Repairs and maintenance	98,295	6,595	39,203	363,172	10,368	192,720	10,802	20,977	-	-	742,132	73,009	6,880	822,021	800,947
Telephone	104,732	22,758	28,138	83,614	11,938	64,241	3,496	9,870	-	-	328,787	21,239	2,882	352,908	263,578
Supplies	102,607	7,197	21,367	28,687	7,031	24,498	1,867	9,464	-	-	202,718	33,736	12,314	248,768	286,827
Dues and licenses	39,338	1,949	4,992	31,210	31,700	27,558	1,205	9,192	-	-	147,144	76,142	5,436	228,722	164,851
Conferences and training	23,839	4,582	3,262	5,004	1,660	24,345	946	8,347	100	-	72,085	9,975	1,332	83,392	60,670
Miscellaneous expenses	29,267	8,090	299	74	34,790	19,628	250	4,774	1,127	-	98,299	9,500	57,124	164,923	151,316
Publicity and recruitment	1,575	4,918	1,069	7,816	962	15,231	146	1,850	-	-	33,567	18,497	753	52,817	45,659
Professional fees	249,422	1,000	-	1,000	-	230,502	-	-	-	-	481,924	217,728	-	699,652	761,785
Insurance	136,141	46,490	60,479	244,817	10,318	158,794	16,453	29,155	-	-	702,647	72,575	3,857	779,079	747,391
Taxes	135,391	49	39,185	3,247	11,174	1,880	167	322	-	-	191,415	25,975	9,478	226,868	195,904
Depreciation and amortization	45,774	10,509	14,753	275,788	1,307	147,245	15,599	3,664	-	56,303	570,942	208,869	143,203	923,014	926,651
Interest and bank charges	7,346	2,058	4,688	23,445	477	67,134	1,116	916	-	-	107,180	43,952	25,350	176,482	173,427
Bad debt expense (recovery)	29,540	(930)	21,262	397	13,846	7,139	-	(4,682)	-	-	66,572	-	-	66,572	71,419
	8,738,826	361,449	1,442,398	2,431,924	282,985	2,197,878	228,194	1,999,191	24,277	56,303	17,763,425	1,321,778	348,160	19,433,363	19,358,378
Total expenses	\$ 15,539,310	\$ 2,863,615	\$ 4,144,355	\$ 11,394,910	\$ 1,082,581	\$ 8,902,881	\$ 555,129	\$ 2,606,300	\$ 759,831	\$ 56,303	\$ 47,905,215	\$ 4,833,901	\$ 718,733	\$ 53,457,849	\$ 52,064,427

**Little Flower Children and  
Family Services of New York**

Community Partnership Program  
Program Budget Identification No. 16-PCPI-17  
Statement of Revenues and Expenditures  
Year Ended June 30, 2018

	<b>Community Partnership Program Budget</b>	<b>Community Partnership Program Amounts</b>	<b>Community Partnership Program Variance</b>	<b>Questioned Costs</b>
<b>Revenues</b>				
ACS	\$ 302,000	\$ 302,000	\$ -	\$ -
Family consultation fees	-	-	-	-
Other	-	-	-	-
Total revenues	<u>302,000</u>	<u>302,000</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
<b>PS Expenditures</b>				
Salaries	127,680	127,680	-	-
Fringe benefits	39,631	39,631	-	-
Total PS expenditures	<u>167,311</u>	<u>167,311</u>	<u>-</u>	<u>-</u>
<b>OTPS Expenditures</b>				
Consultants	13,257	13,257	-	-
Rent and utilities	40,080	40,080	-	-
Other OTPS	54,307	54,326	(19)	-
Total OTPS expenditures	<u>107,644</u>	<u>107,663</u>	<u>(19)</u>	<u>-</u>
Total PS and OTPS expenditures	274,955	274,974	(19)	-
Administrative overhead	27,045	27,026	19	-
Total expenditures	<u>302,000</u>	<u>302,000</u>	<u>-</u>	<u>-</u>
(Less) questioned costs	-	-	-	-
Total allowable costs	<u>302,000</u>	<u>302,000</u>	<u>-</u>	<u>-</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Private Share</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Program Contract No. 106820140003572

**Little Flower Children and  
Family Services of New York**

Community Partnership Program  
Program Budget Identification No. 16-PCPI-17  
Statement of Salaries  
Year Ended June 30, 2018

<b>Employee Identification Code</b>	<b>Title</b>	<b>Budgeted Salary</b>	<b>Salary Paid</b>	<b>Variance</b>
a101 8D FTE 0.60	Program Coordinator	\$ 31,070	\$ 31,070	\$ -
a101 8D FTE 0.39	Associate/Asst. Exec. Director	20,106	20,106	-
a101 02 FTE 0.06	Associate/Asst. Exec. Director	8,332	8,332	-
a102 8D FTE 1.00	Program Coordinator	52,270	52,270	-
a102 02 FTE 0.03	Associate/Asst. Exec. Director	2,405	2,405	-
a201 14 FTE 0.34	Stenographer/Secretary	7,983	7,983	-
a201 14 FTE 0.23	Stenographer/Secretary	5,514	5,514	-
Total		<u>\$ 127,680</u>	<u>\$ 127,680</u>	<u>\$ -</u>

**Little Flower Children and  
Family Services of New York**

Community Partnership Program

Program Budget Identification No. 16-PCPI-17

Statement of Fringe Benefits

Year Ended June 30, 2018

<b>Description</b>	<b>Actual</b>	<b>Actual Fringe % of Total Salary Cost</b>
FICA, MTA, third-party sick	\$ 10,168	7.96%
Health, life	15,757	12.34%
Pension	7,588	5.94%
Worker's compensation	5,844	4.58%
Unemployment	203	0.16%
Disability	71	0.06%
Total	<u>\$ 39,631</u>	<u>31.04%</u>

**Little Flower Children and  
Family Services of New York**

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Community Partnership Program  
Program Budget Identification No. 16-PCPI-17  
Statement of Fixed Assets Inventory  
Year Ended June 30, 2018

<u>Description</u>	<u>Serial Number</u>	<u>Date Purchased with ACS Funds</u>	<u>Cost</u>
N/A			

**Little Flower Children and  
Family Services of New York**

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Community Partnership Program  
Program Budget Identification No. 16-PCPI-17  
Schedule of Questioned Costs  
Year Ended June 30, 2018

<b>Detailed Explanation of Questioned Costs</b>	<b>Questioned Costs</b>
<b>Budget Line Category</b>	\$ -
<p>Please provide a detailed explanation of the questioned costs. Include such items as vendor name, why costs are being questioned and how the questioned costs were determined.</p> <hr/>	
Total questioned costs	<u>\$ -</u>

# Little Flower Children and Family Services of New York

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Community Partnership Program  
Program Budget Identification No. 16-PCPI-17  
Schedule of Quantitative Program Results  
Year Ended June 30, 2018

## Quantifiable Indicators

Number of open cases at beginning of period	-
Number of new cases during audit period	-
Number of cases serviced during audit period	-
Cases terminated	-
Cases open as of June 30, 2018	-
Cost per family	\$ -



**Little Flower Children and  
Family Services of New York**

Child Success New York City (CSNYC) Preventive Funding  
Program Budget Identification No. CT1  
Statement of Revenues and Expenditures  
Year Ended June 30, 2018

	<u>Preventive Budget</u>	<u>Preventive Amounts</u>	<u>Preventive Variance</u>	<u>Questioned Costs</u>
<b>Revenues</b>				
ACS	\$ 2,191,091	\$ 2,211,959	\$ (20,868)	\$ -
Total revenues	<u>2,191,091</u>	<u>2,211,959</u>	<u>(20,868)</u>	<u>-</u>
<b>Expenditures</b>				
<b>PS Expenditures</b>				
Salaries	1,114,976	1,114,658	318	-
Fringe benefits	<u>379,092</u>	<u>370,951</u>	<u>8,141</u>	<u>-</u>
Total PS expenditures	<u>1,494,068</u>	<u>1,485,609</u>	<u>8,459</u>	<u>-</u>
<b>OTPS Expenditures</b>				
Other OTPS	<u>449,548</u>	<u>481,447</u>	<u>(31,899)</u>	<u>-</u>
Total OTPS expenditures	<u>449,548</u>	<u>481,447</u>	<u>(31,899)</u>	<u>-</u>
Total PS and OTPS expenditures	1,943,616	1,967,056	(23,440)	-
Administrative overhead	<u>217,135</u>	<u>214,686</u>	<u>2,449</u>	<u>-</u>
Total expenditures	<u>2,160,751</u>	<u>2,181,742</u>	<u>(20,991)</u>	<u>-</u>
(Less) questioned costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total allowable costs	<u>2,160,751</u>	<u>2,181,742</u>	<u>(20,991)</u>	<u>-</u>
<b>Excess/(Deficiency) of Revenues Over Expenditures</b>	<u>\$ 30,340</u>	<u>\$ 30,217</u>	<u>\$ 123</u>	<u>\$ -</u>
<b>Private Share</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Program Contract No. 20170000170

**Little Flower Children and  
Family Services of New York**

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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u> X </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

**Section II - Financial Statement Findings**

There are no financial statement findings for the current period.

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
with *Government Auditing Standards***

Board of Directors  
Little Flower Children and  
Family Services of New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Little Flower Children and Family Services of New York (the "Agency"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Baker Tilly Virchow Krause, LLP*

Melville, New York  
November 30, 2018