

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Financial Statements
and
Supplementary Information
for year ended
June 30, 2016

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Item 1 – Management’s Discussion and Analysis

The intent of management’s discussion and analysis (“MD&A”) is to provide readers with a comprehensive overview of the York College Child and Family Center, Inc.’s (the “Center”) net position as of June 30, 2016, 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 footnotes.

Financial Highlights

- The Center’s net position at June 30, 2016 totaled \$604,349.
- The Center’s revenues for fiscal year 2016 totaled \$794,012.
- The Center’s expenses for fiscal year 2016 totaled \$864,844.

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 are just one indicator of whether its financial health is improving.

Statement of Net Position

The following summarizes the Center’s assets, liabilities, and net position as of June 30, 2016 and 2015:

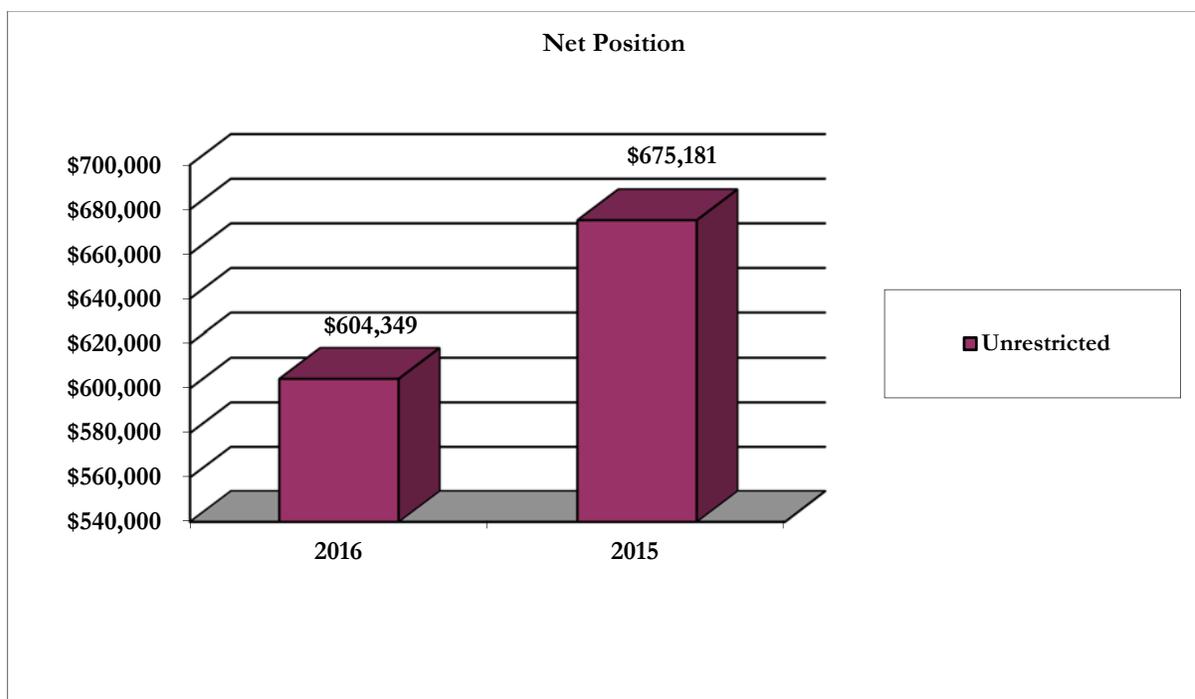
	<u>2016</u>	<u>2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Cash and cash equivalents	\$ 319,806	\$ 427,249	(\$107,443)	(25)%
Accounts receivable and prepaid expenses	<u>293,797</u>	<u>256,432</u>	<u>37,365</u>	15%
Total assets	<u>\$ 613,603</u>	<u>\$ 683,681</u>	<u>\$ (70,078)</u>	(10)%
Total liabilities	<u>\$ 9,254</u>	<u>\$ 8,500</u>	<u>\$ 754</u>	9%
Net position:				
Unrestricted	<u>\$ 604,349</u>	<u>\$ 675,181</u>	<u>\$ (70,832)</u>	(10)%

At June 30, 2016, the Center’s total assets decreased by \$70,078 or 10%, compared to the previous year. The majority of this variance was attributed to a decrease in cash and cash equivalents. This decrease was offset by an increase in accounts receivable and prepaid expenses of \$37,365 or 15%, primarily due to timing delay of payment to be received from the Research Foundation of The City University of New York.

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

Item 1 – Management’s Discussion and Analysis

The following illustrates the Center’s net position, by category, at June 30, 2016 and 2015:



Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of the Center, as well as nonoperating revenues and expenses, if any. The major components of revenues for the years ended June 30, 2016 and 2015 were:

Revenues

	2016	2015	Dollar Change	Percent Change
Revenues:				
Donated space and services	\$ 511,314	\$ 545,031	\$ (33,717)	(6)%
CUNY child care allocation	150,000	150,000	-	0%
NYS Child Care Development and Block Grant	38,682	36,775	1,907	5%
York College Student Association allocation	65,228	65,990	(762)	(1)%
Tuition and fees	28,001	19,671	8,330	42%
Other	787	824	(37)	(4)%
Total Revenues	<u>\$794,012</u>	<u>\$818,291</u>	<u>\$ (24,279)</u>	<u>(3)%</u>

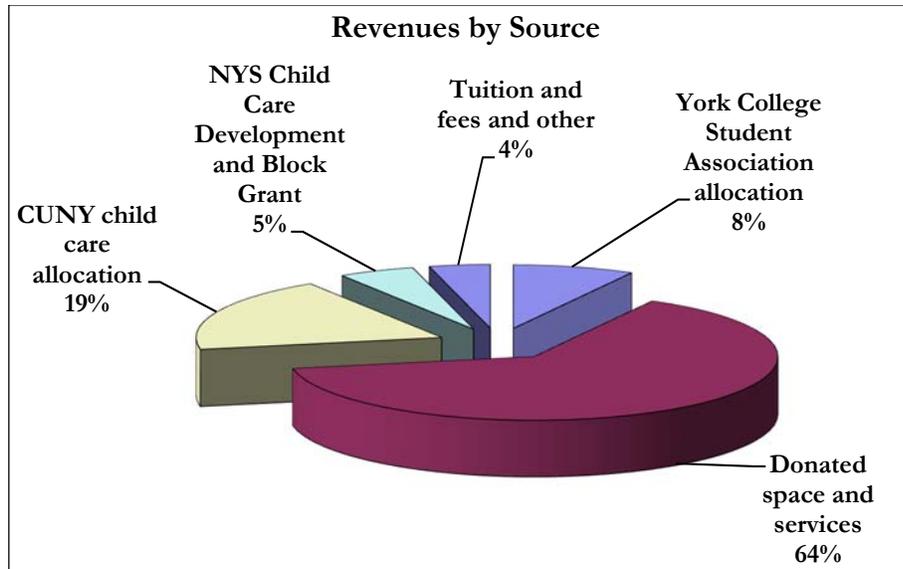
The Center’s total revenues for fiscal year 2016 were \$794,012, a decrease of \$24,279 or 3%, compared to the previous year. The major component of this variance was related to a decrease in donated space and

Item 1 – Management’s Discussion and Analysis

services. Donated space and services decreased due to a decrease in the market rate for the donated space.

Donated space and services, CUNY child care allocation, and the York College Student Association allocation represent 64%, 19%, and 8%, respectively, of total revenues. The Center is dependent upon this level of support to carry out its operations.

The following illustrates the Center’s revenues, by source, for the year ended June 30, 2016:



Expenses

	2016	2015	Dollar Change	Percent Change
Donated space and services	\$ 511,314	\$ 545,031	\$ (33,717)	(6)%
Program services	332,382	291,584	40,798	14%
Supporting services	13,517	12,559	958	8%
Insurance	4,961	7,038	(2,077)	(30)%
Other	2,670	4,600	(1,930)	(42)%
Total Expenses	<u>\$ 864,844</u>	<u>\$ 860,812</u>	<u>\$ 4,032</u>	0%

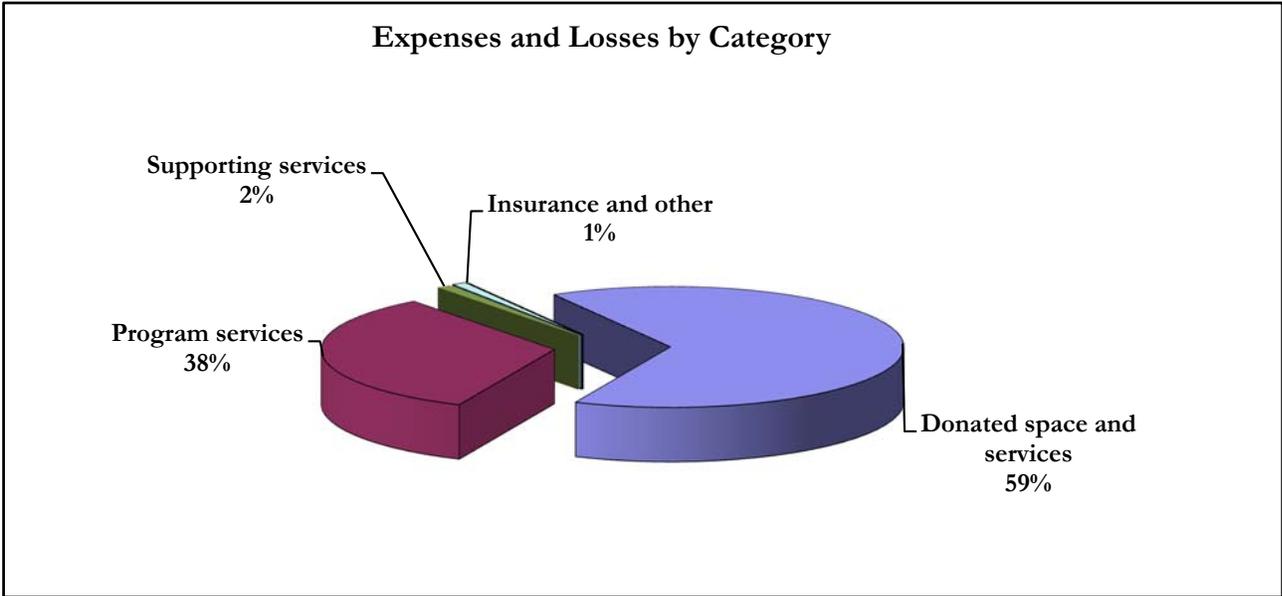
The Center’s total expenses for fiscal year 2016 were \$864,844, an increase of \$4,032 or 0%, compared to the previous year. The major component of this variance was related to increases in program services of \$40,798. This increase was offset by a decrease in donated space and services by \$33,717. Program services increased due to teachers’ salary increases for the Center and also due to a new food program that was test launched this year to provide breakfast and lunch for the Center’s children. Donated space and services decreased due to a decrease in the market rate for the donated space.

Donated space and services, and program services represent 59% and 38%, respectively, of the total expenses.

Item 1 – Management’s Discussion and Analysis

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

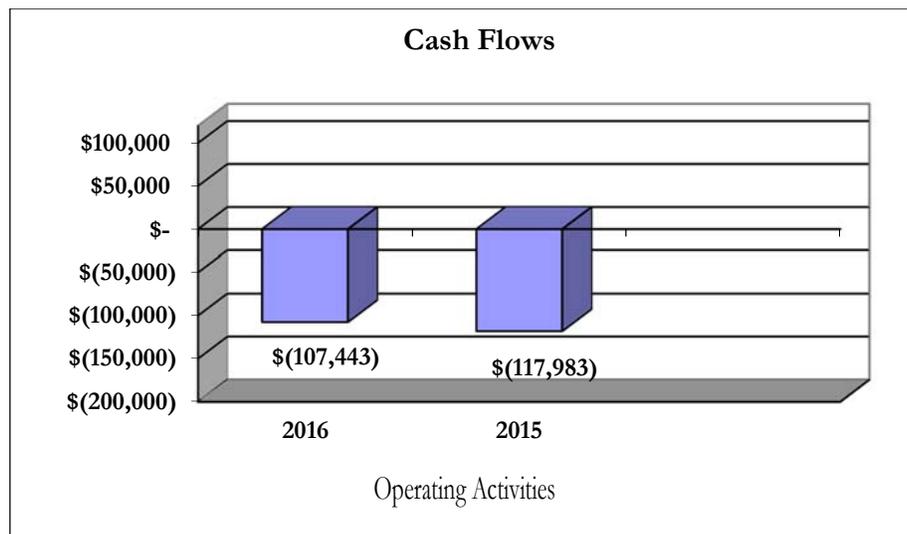
The following illustrates the Center’s expenses, by category, for the year ended June 30, 2016:



CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement helps users assess the Center’s ability to generate net cash flows, and its ability to meet its obligations as they come due.

The following summarizes the Center’s cash flows for the year ended June 30, 2016:



Item 1 – Management’s Discussion and Analysis

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The Center receives a substantial amount of its support from York College, York College Student Association, and The City University of New York. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Center’s programs and activities.

ITEM 2. - FINANCIAL STATEMENTS



Independent Auditors' Report

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

We have audited the accompanying financial statements of York College Child and Family Center, Inc. (a nonprofit organization), which comprise the statement of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position 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. 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 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 net position of York College Child and Family Center, Inc. as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis referred to in the accompanying index be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Government Accounting Standards Board who consider it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

PKF O'Connor Davies, LLP

September 20, 2016

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Statement of Net Position

Assets

	June 30	
	<u>2016</u>	<u>2015</u>
Cash and cash equivalents (note 2)	\$ 319,806	\$ 427,249
Accounts receivable (note 4)	290,997	252,831
Prepaid expenses	<u>2,800</u>	<u>3,601</u>
Total assets	<u>\$ 613,603</u>	<u>\$ 683,681</u>

Liabilities and Net Position

Liabilities – accounts payable and accrued expenses	\$ 9,254	\$ 8,500
Net position – unrestricted	<u>604,349</u>	<u>675,181</u>
Total liabilities and net position	<u>\$ 613,603</u>	<u>\$ 683,681</u>

See notes to financial statements

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Statement of Revenues, Expenses and Changes in Net Position

	Year Ended June 30	
	<u>2016</u>	<u>2015</u>
Revenues		
Donated space and services - York College (note 3)	\$ 511,314	\$ 545,031
CUNY child care allocation (note 2)	150,000	150,000
York College Student Association allocation (note 2)	65,228	65,990
Tuition and fees	28,001	19,671
NYS Child Care Development and Block Grant (note 4)	38,682	36,775
Other	787	824
Total revenues	<u>794,012</u>	<u>818,291</u>
Expenses		
Donated space and services - York College (note 3)	511,314	545,031
Program services (note 5)	332,382	291,584
Supporting services	13,517	12,559
Insurance	4,961	7,038
Other	2,670	4,600
Total expenses	<u>864,844</u>	<u>860,812</u>
Operating (loss)	(70,832)	(42,521)
Net position - unrestricted, beginning of year	<u>675,181</u>	<u>717,702</u>
Net position - unrestricted, end of year	<u>\$ 604,349</u>	<u>\$ 675,181</u>

See notes to financial statements

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Statement of Cash Flows

	Year Ended June 30	
	2016	2015
Cash flows from operating activities		
Receipts of CUNY child care allocation	\$ 150,000	\$ 150,000
Receipts of NYS Childcare Department and Block Grant	188	27,902
Receipts of tuition and fees	28,001	20,787
Receipt of York College Student Association allocation	65,990	-
Other receipts	353	758
Payments for program services	(332,382)	(295,584)
Payments for supporting services	(12,763)	(12,309)
Payments for insurance and other	(6,830)	(9,537)
Net cash (used) by operating activities	<u>(107,443)</u>	<u>(117,983)</u>
Cash and cash equivalents, at beginning of year	<u>427,249</u>	<u>545,232</u>
Cash and cash equivalents, at end of year	\$ <u>319,806</u>	\$ <u>427,249</u>
Reconciliation of operating (loss) to net cash (used) by operating activities		
Operating (loss)	\$ (70,832)	\$ (42,521)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities		
Changes in assets and liabilities		
Accounts receivable	(38,166)	(73,813)
Prepaid expenses	801	2,101
Accounts payable and accrued expenses	<u>754</u>	<u>(3,750)</u>
Net cash (used) by operating activities	\$ <u>(107,443)</u>	\$ <u>(117,983)</u>

See notes to financial statements

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements
June 30, 2016

Note 1 - Nature of organization

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.

Note 2 - Summary of significant accounting policies

The significant accounting policies followed by the Center are described below:

a. Basis of presentation

For financial reporting purposes, the Center is considered to be a special-purpose government entity engaged only in business type activities. The Government Accounting Standards Board ("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 accounting principles generally accepted in the United States of America ("U.S. GAAP"), as prescribed by GASB, as well as applicable codified Financial Accounting Standards Board ("FASB") Standards, unless those pronouncements conflict with or contradict GASB pronouncements. For financial reporting purposes, the Center is also considered to be a component unit of CUNY, as defined by GASB.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

b. Net position

The Center segregates its net position as follows:

Invested 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 is subject to externally imposed stipulations requiring the Center to maintain them in perpetuity.

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.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2016

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

At June 30, 2016 and 2015, the Center had no invested in capital assets or restricted net positions.

c. Cash and cash equivalents

The Center's cash and cash equivalents includes cash in checking and money market accounts, with maturities of three months or less at the time of purchase.

d. Use of estimates

The preparation of financial statements requires management to make estimates and judgments 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 recognized during the reporting period. Accordingly, actual results could differ from those estimates.

e. Custodial credit risk - deposits

Custodial credit risk of deposit is the risk that in the event of a bank failure the Center's deposits may not be returned to it. The Center's cash and cash equivalents are on deposit at two banks. At June 30, 2016, the Center's cash and cash equivalents balance was below the federal threshold and therefore none of its cash and cash equivalents balance was exposed to custodial credit risk.

f. Concentration of credit risk

As discussed in note 2g, the Center receives a significant amount of its support from the College and CUNY. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Center's programs and activities.

g. Revenue recognition

Revenues are recognized when earned. The Center derives a portion of its revenue from fees billed to students whose children are provided day care services. The Center recognized revenues of \$150,000 during each of the fiscal years ended June 30, 2016 and 2015 from CUNY for providing child day care services for children of students enrolled at the College. At both June 30, 2016 and 2015, \$150,000 is included in accounts receivable in the accompanying statement of net position. For the years ended June 30, 2016 and 2015, the Center recognized \$65,228 and \$65,990, respectively, as revenue from allocations from the York College Student Association, which amounts are also included in accounts receivable in the accompanying statement of net position at June 30, 2016 and 2015, respectively.

h. Functional Allocation

The costs of providing the various programs and other activities of the Center have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services.

YORK COLLEGE CHILD AND FAMILY CENTER, INC.

Notes to Financial Statements (continued)
June 30, 2016

i. Uncertainty in income taxes

U.S. GAAP requires evaluation of tax positions taken by the Center and recognition of a liability in the financial statements, if the Center has taken uncertain tax positions that more likely-than-not would not be sustained upon examination by taxing authorities. As of June 30, 2016, the Center has determined that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Center's tax returns for all years since 2013 remain open to examination by the respective tax authorities. There are currently no tax examinations in progress.

j. Subsequent events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 20, 2016.

Note 3 - Donated space and services

The Center recognizes donations of services if the services received: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Center operates on the campus of the College, and as such, utilizes space and certain services made available to it. For the fiscal years ended June 30, 2016 and 2015, the estimated fair value of space utilized was \$275,808 and \$328,848, respectively. In addition, College employee salaries donated to the Center totaled \$235,506 and \$216,183, respectively, for the fiscal years ended June 30, 2016 and 2015. The combined amounts have been recorded as donated services and recognized as both revenues and expenses in the accompanying statement of revenues, expenses and changes in net position. Donated services and promises to give services that do not meet the above criteria are not recognized.

Note 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, 2016 and 2015, \$75,269 and \$36,775, respectively, were due from the Research Foundation related to this grant, which amounts are included in accounts receivable in the accompanying statement of net position.

Note 5 - Program services

Program services for the years ended June 30 consisted of:

	<u>2016</u>	<u>2015</u>
Personnel services	\$ 313,461	\$ 287,504
Food and supplies	<u>18,921</u>	<u>4,080</u>
	<u>\$ 332,382</u>	<u>\$ 291,584</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 fiscal years ended June 30, 2016 and 2015 include \$25,882 and \$22,369, respectively, of administrative fees paid to the Research Foundation for this service.

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