

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.

FINANCIAL STATEMENTS

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Arab-American Family Support Center, Inc.
Brooklyn, New York

We have audited the accompanying financial statements of The Arab-American Family Support Center, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 Arab-American Family Support Center, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Cash	\$ 1,347,058
Grants receivable	672,801
Promises to give	235,400
Security deposit	14,140
Furniture and equipment - net	<u>4,595</u>
Total assets	<u>\$ 2,273,994</u>
LIABILITIES	
Accounts payable	\$ 66,743
Accrued payroll	188,623
Retirement payable	<u>37,554</u>
Total liabilities	292,920
NET ASSETS	
Unrestricted	1,459,824
Temporarily restricted	<u>521,250</u>
Total net assets	<u>1,981,074</u>
Total liabilities and net assets	<u>\$ 2,273,994</u>

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Government grants	\$ 3,257,967	\$ -	\$ 3,257,967
Foundation grants and support	820,314	521,250	1,341,564
Contributions	48,583	-	48,583
Program fees and other revenues	15,201	-	15,201
Interest income	40	-	40
Total support and revenue	4,142,105	521,250	4,663,355
EXPENSES			
Program services			
Family & children preventative services	2,209,419	-	2,209,419
Anti-violence & prevention	330,882	-	330,882
Youth & education	454,933	-	454,933
Other	147,015	-	147,015
Total program services	3,142,249	-	3,142,249
Supporting activities			
Management and general	318,599	-	318,599
Fundraising	199,866	-	199,866
Total expenses	3,660,714	-	3,660,714
Change in net assets	481,391	521,250	1,002,641
Net assets - beginning of year	978,433	-	978,433
Net assets - end of year	\$ 1,459,824	\$ 521,250	\$ 1,981,074

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018

	Family & Children Preventive Services Programs	Anti-Violence & Prevention Programs	Youth & Education Programs	Other Programs	Total Program Service Costs	Management and General	Fundraising	Total
Personnel	\$ 1,438,899	\$ 222,401	\$ 311,927	\$ 95,691	\$ 2,068,918	\$ 131,356	\$ 162,737	\$ 2,363,011
Payroll taxes	124,769	19,285	27,047	8,297	179,398	11,390	14,111	204,899
Employee benefits	127,737	19,744	27,691	8,495	183,667	11,661	14,447	209,775
Pension plan	18,037	2,788	3,910	1,200	25,935	1,647	2,040	29,622
Occupancy	161,765	21,569	21,569	10,784	215,687	32,988	5,075	253,750
Utilities	20,891	2,785	2,785	1,393	27,854	4,915	-	32,769
Storage and repair and maintenance	21,627	2,884	2,884	1,442	28,837	5,089	-	33,926
Insurance	17,630	2,351	2,351	1,175	23,507	4,148	-	27,655
Office expenses	32,341	4,312	4,312	2,156	43,121	7,609	-	50,730
Postage	2,369	316	316	158	3,159	557	-	3,716
Advertising	4,190	558	558	279	5,585	985	-	6,570
Telephone and internet	18,180	2,424	2,424	1,212	24,240	3,707	570	28,517
Stipends	-	-	17,694	-	17,694	-	-	17,694
Travel	16,613	2,215	2,215	1,108	22,151	-	-	22,151
Client service	23,676	3,157	3,157	1,578	31,568	-	-	31,568
Staff development	19,775	2,637	2,637	1,318	26,367	-	-	26,367
Equipment lease	10,655	1,421	1,421	710	14,207	2,507	-	16,714
Subscriptions and dues	28,244	3,766	3,766	1,883	37,659	5,760	886	44,305
Accounting and audit	-	-	-	-	-	77,580	-	77,580
Payroll service	4,270	569	569	285	5,693	1,005	-	6,698
Consultants	38,679	5,157	5,157	2,579	51,572	5,730	-	57,302
External affairs	35,859	4,781	4,781	2,391	47,812	8,438	-	56,250
Participant expenses	16,371	2,183	2,183	1,091	21,828	-	-	21,828
Conferences	22,526	3,004	3,004	1,502	30,036	-	-	30,036
Depreciation	-	-	-	-	-	511	-	511
Miscellaneous	4,316	575	575	288	5,754	1,016	-	6,770
Total expenses	\$ 2,209,419	\$ 330,882	\$ 454,933	\$ 147,015	\$ 3,142,249	\$ 318,599	\$ 199,866	\$ 3,660,714

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF CASH FLOWS
Year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,002,641
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	511
(Increase) decrease in assets	
Grants receivable	3,169
Promises to give	(235,400)
Increase in liabilities	
Accounts payable	25,642
Accrued payroll	144,068
Retirement payable	11,801

Net cash flows from operating activities 952,432

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment	(5,106)
Change in cash	947,326
Cash - beginning of year	399,732
Cash - end of year	\$ 1,347,058

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

The Arab-American Family Support Center, Inc. (AAFSC) is a not-for-profit community based organization dedicated to providing an array of prevention and support services for Arab-American individuals, children and families throughout New York City.

Programs include family and children preventive services, anti-violence programs targeting marital conflict, child abuse, domestic violence, related education, literacy, health and disaster relief programs. Additional resources include newsletters and classes, counseling services, mental health and other health and safety prevention, support group activities, community outreach and cultural programs, immigration issues, and coalition building and advocacy on behalf of the Arab-American community and immigrant communities throughout New York City.

Funding consists primarily of Federal and Federal pass-through, State, Local and affiliated organization government grants.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

AAFSC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Grants Receivable

AAFSC considers all grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is presented. If accounts become uncollectible, they will be charged to operations when that determination is made. At June 30, 2018, all receivables are collectible in less than one year.

Government Grants

Certain programs of AAFSC are funded in part by grants with various government agencies. Revenue from these grants is included with government grants in the statements of activities and is based upon the actual cost of providing services up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Promises to Give

Conditional promises to give are not recognized in the financial statements until conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows, if the discount is material to the financial statements. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due dates.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Furniture and Equipment

Furniture and equipment is carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or related lease terms. The cost of repairs and maintenance are charged against operations as incurred.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services are included in the accompanying financial statements:

Anti-Violence Program – We empower survivors of domestic violence, dating violence, sexual assault, and stalking through crisis intervention, individual counseling, and more. We also conduct community outreach and cultural competency trainings for fellow service providers.

Adult Education & Literacy Program – We offer English Language and Civics courses, job readiness services, and civic engagement opportunities to support new immigrants on their path to citizenship.

Preventive Services Program – We are contracted by the NYC Administration for Children's Services to provide early intervention, referrals, counseling, and parenting classes with a strengths-based approach to help families build happy, healthy homes.

Health Program – Our Health Program helps families increase food security, secure health insurance, and find culturally-competent healthcare providers.

Youth Program – We offer tutoring, counseling, and arts enrichment to develop our youth's skills, self-reliance, and the strong values essential to help them fulfill their potential.

Legal Program – Our Legal Program assists recent immigrants as they navigate the U.S. justice system. Most importantly, we are reuniting relatives and helping families stay together.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

AAFSC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, AAFSC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Date of Management’s Review

Management has evaluated subsequent events through January 28, 2019, the date which the financial statements were available to be issued.

NOTE 2—FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2018 consisted of the following:

Equipment and software	\$	42,929
Furniture and fixtures		4,299
Less: accumulated depreciation		(42,633)
Furniture and equipment - net	\$	4,595

Depreciation expense for the year ended June 30, 2018 was \$511.

NOTE 3—LEASES

AAFSC leases its primary program and administrative office space in Brooklyn, New York. The current lease is for a ten year period ending April 30, 2020. Rental payments are due monthly and adjusted annually for cost escalations.

During the end of the year ended June 30, 2013, AAFSC received an addition to its primary City of New York's Agency - Administration for Children's Services (ACS) funded agreement to operate a companion program in Queens, New York. AAFSC entered into a five year lease agreement in October 2012 for the Queens Program office. Rental payments are due monthly. The lease was renewed during the current year and expires in September 2022.

AAFSC leases certain office equipment for use in the performance of government and non-government sponsored grants. Equipment is leased under restrictive funding provisions of the projects. Leased equipment is required to be utilized in the performance of the contract or after its completion a subsequent affiliated program. The leased equipment costs are expensed when incurred under grant provisions and no depreciation is recorded thereon.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3—LEASES (continued)

Future minimum obligations under the leases for the years ending June 30 are as follows:

2019	\$	258,059
2020		236,133
2021		111,789
2022		113,182
2023		28,366
Total	\$	747,529

Rent expense for the year ended June 30, 2018 was \$253,750.

NOTE 4—RETIREMENT PLAN

The Organization has established a qualified deferred compensation plan. Substantially all employees who meet certain conditions, primarily one year of full time service, are eligible to participate. The Organization is not required to make employer contributions under the plan agreement. The Organization employer contribution component, which had been discontinued since March 16, 2010, was reactivated by Board action for the fiscal year ended June 30, 2014. The Board voted to re-establish a 3% employer contribution for qualified employees. A total employer contribution of \$29,622 was recorded for the year ended June 30, 2018. At June 30, 2018 there were 11 contribution eligible employees, of which 5 also participated in the employee deferral component of the plan.

NOTE 5—ECONOMIC DEPENDENCY

AAFSC receives approximately 50% of its support and revenue from the New York City Administration for Children’s Services (ACS).

The Organization’s funding is primarily funded under a prevention services agreement from the City of New York’s Agency-Administration for Children’s Services (ACS). The master operating agreement provides funding commitment for the five year period July 1, 2015 through June 30, 2020.

In September 2012, the ACS entered into an agreement to expand the Organization’s operations to take over and operate a program similar to its Brooklyn operation, but based in Queens, New York. The final agreement amended the original five year master agreement with funding for separate Brooklyn and Queens commitments. The renewed agreement commencing July 1, 2015 consolidated the commitments into one agreement totaling \$2,328,247 for the fiscal year ended June 30, 2018.

NOTE 6—CONTINGENCIES

Substantially all government and foundation grants are subject to financial and compliance audits by the grantor. Disallowances, if any, as a result of these audits may become liabilities of the Organization. Management believes that no material disallowance will result from audits by grantors.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018, are available for the following purposes or periods:

Youth program	\$ 200,000
Behavioral specialist	150,000
Time restriction	60,000
CPIC intervention	45,833
Other	41,667
Victims of hate crime and discrimination	18,750
Equipment purchases	<u>5,000</u>
	<u>\$ 521,250</u>

NOTE 8—CONCENTRATIONS OF CREDIT RISK

AAFSC maintains cash balances at a financial institution located in New York. The accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, AAFSC's uninsured cash balances total approximately \$1,143,000.

NOTE 9—CONDITIONAL PROMISES TO GIVE

During 2018, the Organization received restricted grants totaling \$145,000 that contained donor conditions (primarily matching funds requirements). Since these grants are promises, conditioned on future uncertain events, they are not recorded as contribution revenue until donor conditions are met.