

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.

FINANCIAL STATEMENTS

June 30, 2020

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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, 2020, 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, 2020, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, The Arab-American Family Support Center, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.



Wegner CPAs, LLP
New York, New York
March 16, 2021

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS	
Cash	\$ 2,660,644
Grants receivable	1,563,046
Unconditional promises to give	481,178
Prepaid expenses	82,896
Equipment and software, net	<u>3,576</u>
Total assets	<u><u>\$ 4,791,340</u></u>
LIABILITIES	
Accounts payable	\$ 97,219
Accrued payroll and vacation	291,130
Refundable advances	38,688
Paycheck Protection Program loan payable	<u>807,445</u>
Total liabilities	1,234,482
NET ASSETS	
Without donor restrictions	2,808,439
With donor restrictions	<u>748,419</u>
Total net assets	<u><u>3,556,858</u></u>
Total liabilities and net assets	<u><u>\$ 4,791,340</u></u>

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions			
Government grants	\$ 5,000,028	\$ -	\$ 5,000,028
Foundation grants and support	350,214	1,178,714	1,528,928
Individuals	155,619	-	155,619
Special events	114,286	-	114,286
Less costs of direct benefits to donors	(50,752)	-	(50,752)
In-kind donations	775,553	-	775,553
Other revenues	35,731	-	35,731
Interest income	15	-	15
Net assets released from restrictions			
Satisfaction of purpose restrictions	926,128	(926,128)	-
Satisfaction of time restrictions	150,000	(150,000)	-
Total revenues	7,456,822	102,586	7,559,408
EXPENSES			
Program services			
Prevent	3,784,954	-	3,784,954
Communicate	528,406	-	528,406
Get Ready	655,243	-	655,243
Promote	753,199	-	753,199
Total program services	5,721,802	-	5,721,802
Supporting activities			
Management and general	765,839	-	765,839
Fundraising	192,138	-	192,138
Total expenses	6,679,779	-	6,679,779
Change in net assets	777,043	102,586	879,629
Net assets at beginning of year	2,031,396	645,833	2,677,229
Net assets at end of year	\$ 2,808,439	\$ 748,419	\$ 3,556,858

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Prevent	Communicate	Get Ready	Promote	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Personnel	\$ 2,996,517	\$ 266,488	\$ 432,869	\$ 389,454	\$ 361,651	\$ 112,204	\$ -	\$ 4,559,183
Professional fees	126,307	163	800	6,926	159,023	73,172	-	366,391
Dues and fees	15,505	-	-	88	13,019	501	-	29,113
Travel	19,614	-	-	50	8,352	-	-	28,016
Conferences and meetings	1,981	-	-	-	15,941	-	-	17,922
Occupancy	233,815	16,994	23,705	29,702	34,731	6,261	-	345,208
Repairs and maintenance	112,992	130	379	433	9,204	-	-	123,138
Assistance to individuals	193,888	243,388	193,888	322,161	-	-	-	953,325
Insurance	13,982	194	555	654	6,539	-	-	21,924
Payroll processing fees	-	-	-	-	16,423	-	-	16,423
Food and supplies	36,345	868	2,537	3,130	61,901	-	50,752	155,533
Job advertising	-	-	-	-	28,747	-	-	28,747
Telephone and internet	31,145	181	510	601	18,353	-	-	50,790
Depreciation	-	-	-	-	2,043	-	-	2,043
Miscellaneous	2,863	-	-	-	21,741	-	-	24,604
Bad debts	-	-	-	-	8,171	-	-	8,171
Total expenses	3,784,954	528,406	655,243	753,199	765,839	192,138	50,752	6,730,531
Less expenses included with revenue and support on the statement of activities	-	-	-	-	-	-	(50,752)	(50,752)
Total expenses included in the expenses section of the statement of activities	\$ 3,784,954	\$ 528,406	\$ 655,243	\$ 753,199	\$ 765,839	\$ 192,138	\$ -	\$ 6,679,779

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 879,629
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	2,043
Increase in assets	
Grants receivable	(331,342)
Unconditional promises to give	(107,215)
Prepaid expenses	(68,756)
Increase (decrease) in liabilities	
Accounts payable	38,077
Accrued payroll and vacation	215,706
Refundable advances	38,688
Retirement payable	<u>(17,753)</u>
Net cash flows from operating activities	649,077

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Paycheck Protection Program loan payable	<u>807,445</u>
Change in cash	1,456,522
Cash at beginning of year	<u>1,204,122</u>
Cash at end of year	<u><u>\$ 2,660,644</u></u>

See accompanying notes.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

Government Grants

AAFSC receives grants from government agencies that are conditioned upon AAFSC incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by AAFSC, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. All grants receivable are due within one year. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions. Costs are allocated to these grants in accordance with established procedures and are subject to audit by the various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determine the promises will not be collected.

Equipment and Software

Equipment and software are 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.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, payroll taxes, employee benefits, and pension plan expense, which are allocated on the basis of estimates of time and effort, as well as, occupancy which is allocated on a square-footage basis. The following program services are included in the accompanying financial statements:

Prevent – AAFSC strengthens families, prevents child abuse, and works to end domestic and gender-based violence. AAFSC is contracted by the NYC Administration for Children’s Services (ACS) to provide early intervention, counseling, parenting classes, and referrals with a strengths-based approach to help families build happy, healthy homes.

AAFSC empowers survivors of domestic violence, dating violence, sexual assault, stalking, and all forms of gender-based violence through crisis intervention, individual counseling, safety planning, and referrals. We work with young adults on building healthy relationship habits. AAFSC also conducts community outreach and cultural competency trainings for external agencies and service providers.

Promote – AAFSC promotes wellness, family reunification, restorative justice, equity, and fair policies. Through our Community Health & Well-Being unit, we provide individual mental health counseling services and wraparound support to reduce stigma. AAFSC enrolls individuals in health insurance, SNAP enrollment, and helps families navigate resources. Through our Legal Services, we provide free immigration-based legal support to reunite families and offer know-your-rights trainings.

Get Ready – AAFSC prepares families to learn, work, succeed, give back, and lead healthy, productive lives. Through our Adult Education and Literacy Program, we provide English Language and Civics courses, citizenship prep, job readiness support, and civic engagement opportunities. Through our Caregiver-Child Bonding Circles, we promote socio-emotional development for babies and their parents after experiencing trauma. Through our Youth and Young Adult Program, we offer academic tutoring, leadership development, college and career readiness, individual mental health counseling, and arts enrichment to develop young adults’ skills and self-reliance and help them succeed.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Communicate – AAFSC educates community members about the policies that affect their lives and increases knowledge amongst partners and policy makers about the challenges immigrants and refugees face.

Management and general—Management and general activities relate to the overall direction of AAFSC and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of AAFSC, and perform other administrative functions.

Fundraising—Fundraising activities relate to soliciting contributions from individuals, foundations, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to AAFSC.

Adoption of New Accounting Guidance

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. AAFSC adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date.

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 March 16, 2021, the date which the financial statements were available to be issued.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2020 are as follows:

Receivable in less than one year	\$ 436,178
Receivable in one to five years	45,000
	481,178
Unconditional promises to give	\$ 481,178

NOTE 3—EQUIPMENT AND SOFTWARE

Equipment and software at June 30, 2020 consisted of the following:

Equipment and software	\$ 7,152
Less: accumulated depreciation	(3,576)
	3,576
Equipment and software, net	\$ 3,576

NOTE 4—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020, are available for the following purposes or periods:

Youth program	\$ 122,129
Behavioral specialist	36,209
Subsequent years' activities	50,000
Pandemic and emergency response	137,737
Caregiver-child bonding circles	122,744
Health care delivery system	100,535
Census initiative	10,000
Mental health services	115,000
Strengthening families initiative	13,311
Academic and emotional support	40,754
	448,419
Net assets with donor restrictions	\$ 748,419

NOTE 5—PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 10, 2020, AAFSC received a \$807,445 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1% but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by AAFSC during the covered period. Eligible expenses include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6—CONCENTRATION 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, 2020, AAFSC's uninsured cash balances total approximately \$2,541,000.

NOTE 7—LEASES

AAFSC leases its primary program and administrative office space in Brooklyn, New York. The prior lease ended April 30, 2020 and was extended for a three-year period ending April 30, 2023. Rental payments are due monthly and adjusted annually for cost escalations.

During 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 now due monthly. The lease expires in September 2022.

On July 1, 2020, AAFSC entered into a new lease in Bronx, New York. The current lease is for a five-year period ending June 30, 2025. Rental payments are due monthly and adjusted annually for cost escalations.

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.

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

2021	\$ 368,455
2022	378,182
2023	264,218
2024	70,019
2025	<u>70,019</u>
Total	<u>\$ 1,150,893</u>

Rent expense for the year ended June 30, 2020 was \$345,208.

NOTE 8—RETIREMENT PLAN

AAFSC 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. AAFSC is not required to make employer contributions under the plan agreement. AAFSC made a voluntary 3% contribution for qualified employees. A total employer contribution of \$36,487 was recorded for the year ended June 30, 2020.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9—CONDITIONAL GRANTS

AAFSC has several grants that are conditioned upon AAFSC incurring qualifying expenses under the grant programs. At June 30, 2020, these conditional grants total approximately \$15,079,556. These conditional grants will be recognized as revenues when the respective conditions are met in future years.

NOTE 10—ECONOMIC DEPENDENCY

AAFSC received approximately 48% of its support and revenue from the New York City Administration for Children's Services (ACS) for the year ended June 30, 2020.

AAFSC's 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, 2020 through June 30, 2023.

NOTE 11—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 AAFSC. Management believes that no material disallowance will result from audits by grantors.

NOTE 12—LIQUIDITY AND AVAILABILITY

The following represents AAFSC's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

Cash	\$ 2,660,644
Grants receivable	1,563,046
Unconditional promises to give	<u>481,178</u>
Financial assets, at year-end	4,704,868
Less those unavailable for general expenditures within one year, due to: contractual or donor-imposed restrictions:	
Restricted by donor with time and purpose restrictions	<u>(748,419)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,956,449</u>

As part of AAFSC's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that come due.

THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 13—UNCERTAINTIES

AAFSC operations may be affected by the ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on AAFSC is uncertain; however, it may result in a material adverse impact on the AAFSC's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to AAFSC' donors and revenues, absenteeism in AAFSC's workforce, unavailability of supplies used in AAFSC' programs, and a decline in value of assets held by AAFSC.