

Association to Benefit Children and Affiliate

Audit of Combining Financial Statements,
Supplemental Schedule of Expenditures
of Federal Awards, and Supplementary
Information
Year Ended June 30, 2021

Association to Benefit Children and Affiliate

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of Expenditures of Federal Awards, and Supplementary Information
Year Ended June 30, 2021

Association to Benefit Children and Affiliate

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Independent Auditor's Report

The Board of Directors
Association to Benefit Children and Affiliate
New York, New York

Opinion

We have audited the combining financial statements of Association to Benefit Children and Affiliate (ABC and Affiliate), which comprise the combining statement of financial position as of June 30, 2021, and the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combining financial statements.

In our opinion, the accompanying combining financial statements present fairly, in all material respects, the combining financial position of ABC and Affiliate as of June 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combining Financial Statements section of our report. We are required to be independent of ABC and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combining Financial Statements

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

In preparing the combining financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC and Affiliate's ability to continue as a going concern within one year after the date that the combining financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Combining Financial Statements

Our objectives are to obtain reasonable assurance about whether the combining financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combining financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combining financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ABC and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the combined financial statements of ABC and Affiliate's as of and for the year ended June 30, 2020, and our report, dated March 31, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived.



Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The combining statement of financial position as of June 30, 2021, combining statement of activities for the year ended June 30, 2021, and the Administration for Children Services (ACS) supplemental schedules are presented for purposes of additional analysis and are not required parts of the combining financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combining 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 combining financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combining financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining financial statements or to the combining financial statements themselves, and to 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 combining 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 July 26, 2022 on our consideration of ABC and Affiliate'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 solely 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 the effectiveness of ABC and Affiliate's 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 ABC and Affiliate's internal control over financial reporting and compliance.

BDO USA, LLP

July 26, 2022

Association to Benefit Children and Affiliate

Combining Statement of Financial Position (with comparative totals for 2020)

June 30,

	ABC	HDFC	Eliminations	Combined Totals	
				2021	2020
Assets					
Current					
Cash and cash equivalents (Notes 3 and 4)	\$ 5,806,154	\$ 173,206	\$ -	\$ 5,979,360	\$ 3,891,320
Restricted cash (Note 3)	-	2,480	-	2,480	2,480
Investments, at fair value (Notes 3 and 5)	8,914,922	-	-	8,914,922	8,036,337
Accounts receivable, net (Note 3)	3,637,999	10,224	-	3,648,223	5,399,600
Due from affiliate (Note 7)	788,923	-	(788,923)	-	-
Rent receivable, net	-	7,149	-	7,149	2,820
Prepaid expenses and other assets	464,222	1,142	-	465,364	220,095
Total Current Assets	19,612,220	194,201	(788,923)	19,017,498	17,552,652
Cash Surrender Value of Life Insurance Policy (Note 9)	708,077	-	-	708,077	708,077
Other Assets	75,406	-	-	75,406	75,406
Fixed Assets, Net (Notes 3 and 6)	3,930,938	189,537	-	4,120,475	4,797,172
	\$ 24,326,641	\$ 383,738	\$ (788,923)	\$ 23,921,456	\$ 23,133,307
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 41,829	\$ 195,472	\$ -	\$ 237,301	\$ 558,352
Accrued compensation	710,618	-	-	710,618	795,922
Due to affiliate (Note 7)	-	788,923	(788,923)	-	-
Deferred tuition revenue (Note 3)	523,240	-	-	523,240	408,328
Total Current Liabilities	1,275,687	984,395	(788,923)	1,471,159	1,762,602
Deferred Compensation (Note 9)	708,077	-	-	708,077	708,077
Long-Term Debt (Note 8)	-	877,240	-	877,240	877,240
Total Liabilities	1,983,764	1,861,635	(788,923)	3,056,476	3,347,919
Commitments and Contingencies (Notes 3, 4, 8, 9, 10, and 12)					
Net Assets (Notes 3, 10, 11, and 12)					
Without donor restrictions:					
General	17,924,718	(1,477,897)	-	16,446,821	14,131,338
Land, building, and equipment	3,930,938	-	-	3,930,938	4,579,341
Total Without Donor Restrictions	21,855,656	(1,477,897)	-	20,377,759	18,710,679
With donor restrictions	487,221	-	-	487,221	1,074,709
Total Net Assets	22,342,877	(1,477,897)	-	20,864,980	19,785,388
	\$ 24,326,641	\$ 383,738	\$ (788,923)	\$ 23,921,456	\$ 23,133,307

See accompanying notes to combining financial statements.

Association to Benefit Children and Affiliate

Combining Statement of Activities (with comparative totals for 2020)

Year ended June 30,

	ABC					Combined Totals	
	Without Donor Restrictions	With Donor Restrictions	Total	HDFC Without Donor Restrictions	Eliminations	2021	2020
Operating Revenues							
Government grants	\$ 14,463,758	\$ -	\$ 14,463,758	\$ 138,895	\$ -	\$ 14,602,653	\$ 16,476,312
Contributions and private grants	3,201,434	2,663,426	5,864,860	-	-	5,864,860	5,552,609
Fee for service	2,213,569	-	2,213,569	-	-	2,213,569	2,070,812
Tuition fees	1,010,068	-	1,010,068	-	-	1,010,068	1,674,300
Rental income (Note 3)	-	-	-	131,844	(10,302)	121,542	123,779
Other program income	590,783	-	590,783	-	-	590,783	515,668
Other income	298,450	-	298,450	-	-	298,450	121,492
Net assets released from restrictions	3,250,914	(3,250,914)	-	-	-	-	-
Total Operating Revenues	25,028,976	(587,488)	24,441,488	270,739	(10,302)	24,701,925	26,534,972
Operating Expenses							
Program services:							
Early childhood programs	14,140,776	-	14,140,776	-	(10,302)	14,130,474	13,077,485
Wrap-around services	7,541,167	-	7,541,167	-	-	7,541,167	9,443,523
Other programs	-	-	-	393,881	-	393,881	365,313
Total Program Services	21,681,943	-	21,681,943	393,881	(10,302)	22,065,522	22,886,321
Supporting services:							
Management and general	2,445,966	-	2,445,966	-	-	2,445,966	1,809,253
Development and fundraising	402,860	-	402,860	-	-	402,860	341,624
Total Supporting Services	2,848,826	-	2,848,826	-	-	2,848,826	2,150,877
Total Operating Expenses	24,530,769	-	24,530,769	393,881	(10,302)	24,914,348	25,037,198
Change in Net Assets from Operations	498,207	(587,488)	(89,281)	(123,142)	-	(212,423)	1,497,774
Support and Nonoperating Revenues							
Unrealized gain on investments	647,588	-	647,588	-	-	647,588	370,411
Realized gain (loss) on investments	441,804	-	441,804	-	-	441,804	(196,057)
Interest income	202,623	-	202,623	-	-	202,623	207,531
Total Support and Nonoperating Revenues	1,292,015	-	1,292,015	-	-	1,292,015	381,885
Change in Net Assets	1,790,222	(587,488)	1,202,734	(123,142)	-	1,079,592	1,879,659
Net Assets, beginning of year	20,065,434	1,074,709	21,140,143	(1,354,755)	-	19,785,388	17,905,729
Net Assets, end of year	\$ 21,855,656	\$ 487,221	\$ 22,342,877	\$ (1,477,897)	\$ -	\$ 20,864,980	\$ 19,785,388

See accompanying notes to combining financial statements.

Association to Benefit Children and Affiliate

**Combining Statement of Functional Expenses
(with comparative totals for 2020)**

Year ended June 30,

	Program Services			Supporting Services			Total ABC	Program Services		Combined Totals	
	Early Childhood Programs	Wrap-Around Services	Total	Management and General	Development and Fundraising	Total		HDFC	Eliminations	2021	2020
Expenses											
Salaries and wages	\$ 6,683,612	\$ 4,076,277	\$ 10,759,889	\$ 1,323,861	\$ 245,720	\$ 1,569,581	\$ 12,329,470	\$ 106,581	\$ -	\$ 12,436,051	\$ 12,973,945
Payroll taxes and employee benefits	1,974,444	1,204,199	3,178,643	469,745	72,589	542,334	3,720,977	20,133	-	3,741,110	3,845,500
Total Salaries and Related Expenses	8,658,056	5,280,476	13,938,532	1,793,606	318,309	2,111,915	16,050,447	126,714	-	16,177,161	16,819,445
Transportation	212,781	113,275	326,056	53,786	13,349	67,135	393,191	1,566	-	394,757	415,340
Client assistance and activities	57,826	13,175	71,001	15,137	13,210	28,347	99,348	130	-	99,478	196,034
Purchase of services	1,439,243	721,874	2,161,117	100,539	12,041	112,580	2,273,697	4,445	-	2,278,142	2,103,196
Food and clothing	208,424	38,367	246,791	9,313	7,395	16,708	263,499	-	-	263,499	597,452
Bedding, linen, and supplies	796,573	76,047	872,620	28,237	54	28,291	900,911	8,800	-	909,711	472,839
Occupancy costs (Notes 3 and 10)	209,903	363,681	573,584	11,576	-	11,576	585,160	16,983	(10,302)	591,841	633,825
Utilities	183,098	52,600	235,698	6,125	-	6,125	241,823	17,807	-	259,630	231,211
Repairs and maintenance	1,208,511	448,341	1,656,852	56,982	2,513	59,495	1,716,347	146,368	-	1,862,715	1,484,283
Telephone/fax	232,545	137,050	369,595	93,592	-	93,592	463,187	3,072	-	466,259	371,219
Office and medical supplies	165,134	27,172	192,306	37,681	5,448	43,129	235,435	204	-	235,639	167,462
Professional fees	107,196	102,017	209,213	176,694	27,912	204,606	413,819	12,130	-	425,949	251,519
Insurance	113,521	61,693	175,214	13,143	2,629	15,772	190,986	2,812	-	193,798	179,668
Real estate water and sewer taxes	52,381	964	53,345	1,171	-	1,171	54,516	5,632	-	60,148	45,861
Depreciation and amortization	495,584	104,435	600,019	48,384	-	48,384	648,403	28,294	-	676,697	694,776
Interest expense	-	-	-	-	-	-	-	8,772	-	8,772	9,281
Bad debt expenses	-	-	-	-	-	-	-	10,152	-	10,152	363,787
Total Expenses	\$ 14,140,776	\$ 7,541,167	\$ 21,681,943	\$ 2,445,966	\$ 402,860	\$ 2,848,826	\$ 24,530,769	\$ 393,881	\$ (10,302)	\$ 24,914,348	\$ 25,037,198

See accompanying notes to combining financial statements.

Association to Benefit Children and Affiliate

Combining Statement of Cash Flows (with comparative totals for 2020)

Year ended June 30,

				Combined Totals	
	ABC	HDFC	Eliminations	2021	2020
Cash Flows from Operating Activities					
Change in net assets	\$ 1,202,734	\$ (123,142)	\$ -	\$ 1,079,592	\$ 1,879,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation and amortization	648,403	28,294	-	676,697	694,776
Bad debt expense	-	10,152	-	10,152	363,787
Donated securities	(279,004)	-	-	(279,004)	(425,713)
Realized (gain) loss on investments	(441,804)	-	-	(441,804)	196,057
Unrealized gain on investments	(647,588)	-	-	(647,588)	(370,411)
(Increase) decrease in:					
Accounts receivable	1,751,377	-	-	1,751,377	(1,626,582)
Due from affiliate	(207,766)	-	207,766	-	-
Rent receivable	-	(14,481)	-	(14,481)	(10,607)
Prepaid expenses and other assets	(245,269)	-	-	(245,269)	55,058
Increase (decrease) in:					
Accounts payable and accrued expenses	(329,823)	8,772	-	(321,051)	149,998
Accrued compensation	(85,304)	-	-	(85,304)	298,722
Due to affiliate	-	207,766	(207,766)	-	-
Deferred tuition revenue	114,912	-	-	114,912	(623,398)
Net Cash Provided by Operating Activities	1,480,868	117,361	-	1,598,229	581,346
Cash Flows from Investing Activities					
Proceeds from sale of investments	2,921,935	-	-	2,921,935	1,763,992
Purchases of investments	(2,432,124)	-	-	(2,432,124)	(1,773,020)
Net Cash Provided by (Used in) Investing Activities	489,811	-	-	489,811	(9,028)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,970,679	117,361	-	2,088,040	572,318
Cash, Cash Equivalents, and Restricted Cash, beginning of year	3,835,475	58,325	-	3,893,800	3,321,482
Cash, Cash Equivalents, and Restricted Cash, end of year	\$ 5,806,154	\$ 175,686	\$ -	\$ 5,981,840	\$ 3,893,800

See accompanying notes to combining financial statements.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

1. Nature of the Organization

Association to Benefit Children (ABC), a not-for-profit organization, provides services to children and families in the New York Metropolitan area. ABC was founded as a force to challenge and change the myriad of assaults to children, including, but not limited to, hunger, poverty, homelessness, physical and emotional abuse, abandonment, substandard housing, failing schools, and substance abuse, which endanger their welfare and undermine their future. These perils have shaped ABC's course, spurring the formation of humane, cost-effective, replicable model programs that help children and families reach their fullest potential.

ABC is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and, accordingly, is not subject to federal income taxes.

Association to Benefit Children - Housing Development Fund Corporation (HDFC) (a not-for-profit corporation) was organized to operate a low-income housing project. HDFC acquired and renovated a building located at 318 East 116th Street in New York City, named the ABC-HDFC Apartments. The funds to finance the project were received under a mortgage with the City of New York Department of Housing Preservation and Development (HPD) for the needy and persons of low income.

2. Principles of Combination

The accompanying combining financial statements include the accounts of ABC and HDFC (collectively, ABC and Affiliate), which are related by certain common members of the Board of Trustees and identical management.

All intercompany balances and transactions have been eliminated in combination.

3. Summary of Significant Accounting Policies

Basis of Presentation

The combining financial statements of ABC and Affiliate have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP). In the combining statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest, and other investments, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

These classes are defined as follows:

Net Assets Without Donor Restrictions - This class consists of net assets that are not subject to donor-imposed stipulations and are, therefore, available for general operations. The Board of Directors of ABC and Affiliate includes within its net assets without donor restrictions the amount invested in land, building, and equipment of ABC and Affiliate of \$3,930,938 as of June 30, 2021.

Net Assets with Donor Restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combining statement of activities.

As of June 30, 2021, ABC and Affiliate had no net assets with donor restriction that are perpetual in nature.

Cash and Cash Equivalents

For the purposes of the combining statement of cash flows, ABC and Affiliate considers all highly liquid instruments purchased with a maturity of three months or less, to be cash equivalents. At various times during the year, ABC and Affiliate may have deposits at financial institutions that exceed federally insured limits. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal. Cash, cash equivalents, and restricted cash consist of the following:

June 30, 2021

Cash and cash equivalents	\$	5,979,360
Restricted cash		2,480
Total	\$	5,981,840

Revenue Recognition

On July 1, 2020, ABC and Affiliate adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers (ASC 606)*, using the modified retrospective method applied to those contracts that were not completed as of July 1, 2020. The adoption of ASC 606 did not have a material impact on ABC and Affiliate's combining financial statements; therefore, no transition adjustment is required upon adoption.

Government Grants

ABC and Affiliate has contracts with government and third parties for the performance of various services, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. Government and other grants contracts are evaluated for contributions that are conditional. ABC and Affiliate recognizes revenue as expenses are incurred, to a maximum of the grant award. ABC and Affiliate records deferred revenue for receipts received in advance of the program performance.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

Fee for Service, and Tuition Fees

Fee for service and tuition revenue is generated from health, education, and enrichment programs, and other services. Fee for service and tuition revenue is recorded at the amount that reflects the consideration to which ABC and Affiliate expects to be entitled in exchange for providing services. Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. ABC and Affiliate measures revenue from the commencement of services to the continuation of these services, and until services are no longer required. ABC and Affiliate believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation as the service is rendered.

For ASC 606, there is an implied contract between ABC and Affiliate and the patient upon each patient visit. Separate contractual arrangements exist between ABC and Affiliate and third-party payors (including government programs and health insurers) and others and includes an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. Generally, ABC and Affiliate submits fee-for-service claims to third-party payors electronically through a state-wide system several days after the services are performed.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, ABC and Affiliate has elected, as part of its adoption of the revenue standard, to apply the optional exemption provided in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Throughout the year, rates may vary as determined by New York State, and ABC and Affiliate will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and ABC and Affiliate considers these amounts in determination of the transaction price. ABC and Affiliate determines its estimates of explicit or implicit price concessions and contractual adjustments based on its historical collection experience.

Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs.

As a practical expedient, ABC and Affiliate utilizes the portfolio approach for analyzing the revenue contracts in accordance with ASC 606. ABC and Affiliate accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. ABC and Affiliate considers the similar nature and characteristics of the contract and customers in using the portfolio approach. ABC and Affiliate believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

The following table shows ABC and Affiliate's fee for service and tuition revenue disaggregated by payor type:

Year ended June 30, 2021

	Operating Income	Non-Operating Income	Total
Private insurance	\$ 1,876,855	\$ -	\$ 1,876,855
New York State Department of Health	336,714	-	336,714
Total Fee for Service	2,213,569	-	2,213,569
Government grants (reciprocal transactions)	4,333,900	-	4,333,900
Tuition fees	1,010,068	-	1,010,068
Total Revenue Subject to Accounting Standards Codification 606	7,557,537	-	7,557,537
Total Revenue Not Subject to Accounting Standards Codification 606	17,144,388	1,292,015	18,436,403
Total Revenue	\$ 24,701,925	\$ 1,292,015	\$ 25,993,940

The following table shows ABC and Affiliate's government grants (reciprocal transactions), fee for service, and tuition accounts receivable disaggregated by payor:

Year ended June 30, 2021

Private insurance	\$ 1,153,181
Government grants (reciprocal transactions)	793,900
New York State Department of Health	456,107
Total	\$ 2,403,188

Contributions and Promises to Give

ABC and Affiliate reports gifts of cash and other assets as with donor restriction 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—with donor restriction net assets are reclassified to without donor restriction net assets and reported in the combining statement of activities as net assets released from restrictions.

Unconditional promises to give with payments due in future periods are presumed to be time restricted by the donor until received and are reported as with donor restriction net assets.

Conditional promises to give are recognized when the conditions on which they depend upon are substantially met. Until that point, any amounts received are recorded as refundable advances. As of June 30, 2021, there were no conditional promises.

Investments

Investments primarily consist of marketable equity securities, mutual funds, and fixed-income funds. Investments are adjusted to their fair market value at the combining statement of financial

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

position date, resulting in either an unrealized gain or loss. Investments donated to ABC and Affiliate are recorded at fair market value at the date of receipt. Gains and losses on investments are recognized on disposal at the trade date.

Fair Value Measurements

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace would use in the pricing of ABC and Affiliate's assets or liabilities based on independently derived and objectively determined market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of ABC and Affiliate are traded. ABC and Affiliate estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Provision for Doubtful Accounts

ABC and Affiliate reviews receivables as to their uncertainty in regard to collectability for events that occurred after the initial recording of revenue. The allowance for doubtful accounts for receivables from private insurance and rent receivables was \$512,899 and \$67,722, respectively, at June 30, 2021.

Fixed Assets

The cost of fixed assets is depreciated over the estimated useful lives of the assets using the straight-line method. Leasehold and building improvements are amortized over the lesser of the life of the lease or asset.

Equipment purchases are capitalized if the cost, or fair value at date of donation, is \$1,000 or more and the useful life is greater than one year. The cost of equipment and leasehold improvements financed by government funding sources is expensed when incurred if the contractual agreement specifies that the title to these assets rests with the governmental funding source rather than ABC and Affiliate.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

The estimated useful lives of the assets are as follows:

Assets	Years
Building	25-40
Building improvements	10-20
Furniture and equipment	3-10

Leasehold improvements are amortized over the term of the lease or the life of the improvement, whichever is less.

Impairment of Long-Lived Assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairment losses for the year ended June 30, 2021.

Income Taxes

ABC and Affiliate is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying combining financial statements. In addition, ABC and Affiliate has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended June 30, 2021.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. ABC and Affiliate does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. ABC and Affiliate has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, ABC and Affiliate has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended June 30, 2021, there was no interest or penalties recorded or included in the combining statement of activities. ABC and Affiliate is subject to routine audits by a taxing authority. As of June 30, 2021, ABC and Affiliate was not subject to any examination by a taxing authority.

Reclassifications

Certain 2020 balances have been reclassified to be consistent with the 2021 financial presentation.

Use of Estimates

In preparing combining financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the combining financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

Rental Income

HDFC receives apartment rent from various individual tenants and from ABC, for the use of office and school space in its building located at 318 East 116th Street, New York. Rental income is recognized as earned on a straight-line basis over the term that HDFC provides occupancy to the tenants. Total rental income for the year ended June 30, 2021 amounted to \$131,843 and the amount pertaining to ABC's rent is \$10,302, which is eliminated in the combining financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis and by natural classification in the combining statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based upon the rates listed in the chart below. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of ABC and HDFC. A portion of the management and general costs have been allocated to housing and education programs in the combining statement of functional expenses. The amount of the administrative expense allocated from management and general to the programs represents the portion of administration costs funded by the ABC's contracts. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. ABC generally does not conduct its fundraising activities in conjunction with its other activities.

A majority of expenses are directly charged to programs based on time incurred. Salaries and fringe of certain personnel who work on multiple programs are allocated. Such allocations are determined by management on an equitable basis and are disclosed to and audited by program funders. Costs that are allocated include the following:

Expense	Allocation Methodology
Salaries and wages	Based on the actual amount of time worked.
Fringe	Based on the total salary and wages for each program/cost center.
Rent and utilities	Based on square footage occupied by program as percent of total rental space occupied.
Insurance	Based on the total number of full-time equivalents in the program as percentage of the total full-time equivalents for the applicable agency.
Administrative costs	Based on the total expenses of each program in relation to the total expenses of ABC.

Concentration of Credit Risk

Financial instruments that potentially subject ABC and Affiliate to concentration of credit risk consist primarily of cash and cash equivalents and investments. At various times, ABC and Affiliate has cash deposits at financial institutions, which exceed the Federal Depository Insurance Coverage (FDIC) insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

Comparative Financial Information

The combining financial statements include certain prior-year summarized comparative information. With respect to the combining statement of financial position, combining statement of activities, and combining statement of cash flows, the prior-year amounts are presented on a combined basis rather than by entity. With respect to the combining statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with ABC and Affiliate's combining financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Recently Adopted Accounting Pronouncement

Revenue from Contracts with Customers (Topic 606)

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that superseded existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgments and changes in judgments. The provisions of ASU 2014-09 were adopted by ABC and Affiliate beginning July 1, 2020. Effective July 1, 2020, ABC and Affiliate elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of this ASU did not have a material impact on the combining financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

Leases (Topic 842)

On February 25, 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for ABC and Affiliate until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its combining financial statements.

Not-for-Profit Entities (Topic 958)

The FASB issued ASU 2020-07, *the Update*, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items.

The enhanced presentation and disclosure requirements include the contributed nonfinancial assets as separately stated as an individual line item in the combining statement of activities, distinct from contributions of cash or other financial assets. The contributed nonfinancial assets are also disaggregated in a footnote by category that shows the type of contributed nonfinancial assets in the combining statement of activities. For each type of contributed nonfinancial assets recognized,

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

a not-for-profit will disclose the not-for-profit's policy (if any) on liquidating rather than using contributed nonfinancial assets; qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period, and, if used, a description of how the asset was employed should be included; any donor-imposed restrictions related to the contributed nonfinancial assets; and the valuation methods and inputs utilized to determine a fair value. In accordance with Topic 820, *Fair Value Measurement*, it should be measured at initial recognition. The principal or most advantageous market is utilized to calculate fair value if it is a market in which the not-for-profit is restricted by the donor from selling or utilizing the contributed nonfinancial assets.

The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets and is effective for annual reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of the ASU on its combining financial statements.

Financial Instruments - Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. The ASU changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model. Entities will be required to estimate credit losses over the entire contractual term of an instrument. The ASU includes financial assets recorded at amortized cost basis such as loan receivables, trade and certain other receivables as well as certain off-balance sheet credit exposures such as loan commitments and financial guarantees. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The ASU is effective for fiscal years beginning after December 15, 2022 for all nonprofit entities. Management is currently evaluating the impact of the adoption of the ASU on its combining financial statements.

4. Liquidity and Availability of Resources

ABC and Affiliate's financial assets available within one year of the combining statement of financial position for general expenditure are as follows:

Year ended June 30, 2021

Cash and cash equivalents	\$	5,979,360
Investments, at fair value		8,914,922
Accounts receivable, net of allowance of uncollectable accounts		3,648,223
Rent receivables, net of allowance for uncollectable accounts		7,149
Less: net assets with donor restrictions		(487,221)
Total Financial Assets Available to Meet General Expenditure Within		
One Year	\$	18,062,433

Liquidity Management

As part of ABC and Affiliate's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. ABC and Affiliate's goal is to maintain liquid net assets without donor restrictions of ABC and Affiliate to meet 90 days of its expenses.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

ABC and Affiliate's assets whose use is limited by donor-imposed, time, and/or purpose restrictions are expected to satisfy the imposed restrictions and to be released within 12 months. Investments, further discussed in Note 5, include equity securities, mutual funds, bonds, indexed securities, and exchange-traded funds, all of which can be liquidated within 12 months.

5. Investments and Fair Value Measurements

The following table shows, by level within the fair value hierarchy, ABC and Affiliate's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2021. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. ABC and Affiliate's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

	Fair Value Measurement Using			Balance, June 30, 2021
	Level 1	Level 2	Level 3	
Equities	\$ 1,130,609	\$ -	\$ -	\$ 1,130,609
Equity mutual funds	-	1,733,853	-	1,733,853
Fixed-income mutual funds	-	547,676	-	547,676
Fixed-income corporate bonds	-	2,433,528	-	2,433,528
Inflation-indexed securities	780,443	-	-	780,443
Exchange-traded funds	-	2,218,910	-	2,218,910
Preferred stocks	-	69,903	-	69,903
Total	\$ 1,911,052	\$ 7,003,870	\$ -	\$ 8,914,922

In addition to the above investments, the investment portfolio included \$905,566 of cash equivalents included in cash and cash equivalents as of June 30, 2021.

ABC and Affiliate's assets, recorded at fair value, have been categorized based upon a fair value hierarchy, in accordance with U.S. GAAP. See Note 3 for a discussion of ABC and Affiliate's policies regarding this hierarchy. A description of the valuation techniques applied to ABC and Affiliate's major categories of assets measured at fair value is as follows:

Equities - ABC and Affiliate's holdings in equity securities are determined by quoted market prices. Each of these investments can be liquidated daily. The valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

Equity Mutual Funds - ABC and Affiliate has investments in mutual funds, which are primarily in investment-grade bonds and large- and mid-capitalization equity securities. For these investments, ABC and Affiliate has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund net asset value is the value of a single share that is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of the business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 2 within the fair value hierarchy.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

Fixed-Income Corporate Bonds and Mutual Funds - ABC and Affiliate has investments in fixed-income corporate bonds and equities. ABC and Affiliate's custodian prices these investments using nationally recognized pricing services. Since fixed-income securities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using their proprietary pricing applications, which include available relevant market information, bench curves, benchmarking or similar securities, sector groupings, and matrix pricing. These investments are classified as Level 2.

Inflation-Indexed Securities - ABC and Affiliate's holdings in inflation-indexed securities are determined by quoted market prices. Each of these investments can be liquidated daily. The valuation is based on Level 1 inputs within the hierarchy used in measuring fair value.

Exchange-Traded Funds - ABC and Affiliate's holdings in exchange-traded funds are determined by quoted market prices. These investments can be liquidated daily. The valuation of these investments is based on Level 2 inputs within the fair value hierarchy.

Preferred Stocks - ABC and Affiliate is invested in preferred stock of a privately held company. The preferred stocks are valued at the outstanding principal balance, which approximates fair value. Both observable and unobservable inputs were employed in the fair value measurement of the privately held company. Inputs are classified within Level 2 of the fair value hierarchy.

ABC and Affiliate's investment holdings are made up entirely of Level 1 and Level 2 securities. ABC and Affiliate does not invest in any Level 3 securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although ABC and Affiliate's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. Fixed Assets, Net

Fixed assets, net, stated at cost consist of the following:

June 30, 2021

	ABC	HDFC	Total
Land	\$ 305,000	\$ 13,500	\$ 318,500
Building	18,218,889	840,558	19,059,447
Building improvements	1,110,614	385,980	1,496,594
Furniture and equipment	601,263	9,800	611,063
Total Fixed Assets	20,235,766	1,249,838	21,485,604
Less: accumulated depreciation and amortization	(16,304,828)	(1,060,301)	(17,365,129)
Fixed Assets, Net	\$ 3,930,938	\$ 189,537	\$ 4,120,475

Depreciation and amortization expense for the years ended June 30, 2021 was \$676,697.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

7. Transactions with Affiliate

ABC is affiliated with HDFC through certain common Board members and management. As of June 30, 2021, ABC advanced HDFC \$788,923 supporting its operations. This amount has been eliminated on the combining statement of financial position.

8. Long-Term Debt

HDFC obtained a mortgage pursuant to Article XI of the Private Housing Finance Law of the State of New York from the City of New York through the Department of Housing Development. As of June 30, 2021, the amount of the mortgage proceeds drawn down to rehabilitate the ABC and Affiliate apartment building amounted to \$877,240.

The mortgage note dated November 20, 1997 for \$883,113 bears interest of 1% per annum, to be accrued to maturity in 30 years, and is secured by the building. The mortgage note matures on the 30th anniversary of the debt service date, which is 270 days after the receipt of a certificate of occupancy. Interest shall begin to accrue on the first calendar month following the debt service date. Accrued interest was \$192,992 as of June 30, 2021 and is included within accounts payable and accrued expenses in the combining statement of financial position.

At the closing for the mortgage, HDFC acquired the land for the project from HPD for \$1.

9. Retirement Plans

Pension Plan

ABC and Affiliate has adopted a Section 403(b) tax-sheltered annuity plan effective March 1, 2000. Any employee shall be eligible to participate in salary reduction contributions on the date of their employment with ABC and Affiliate. However, with respect to non-salary reduction contributions, any employee who has completed a one-year period of service shall be eligible to participate as of the date that they have satisfied such requirement. Employees may contribute up to the maximum permitted by law. ABC and Affiliate will match 50% of the employee's contributions, limited to the first 2% of the employee's gross compensation. ABC and Affiliate made contributions to the plan on behalf of its employees of \$264,024 for the year ended June 30, 2021, which is included in ABC and Affiliate's combining statement of functional expenses under payroll taxes and employee benefits.

Deferred Compensation Plan

ABC and Affiliate has a nonqualified deferred compensation plan for a certain key employee. The plan assets are held in accordance with a Rabbi Trust and are to be considered temporary assets of the employer; therefore, they are accessible to general and secured creditors of the employer in the event of bankruptcy or insolvency. As of June 30, 2021, the asset and the related liability amounted to \$708,077. The asset and related liability, respectively, are shown in cash surrender value of life insurance policy and deferred compensation in the combining statement of financial position.

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

10. Commitments and Contingencies

Operating Leases

ABC and Affiliate occupies certain of its premises under an operating lease expiring on August 20, 2027. Future minimum annual lease payments are as follows:

Year ending June 30,

2022	\$	328,278
2023		274,769
2024		220,217
2025		225,722
2026		231,365
Thereafter		276,836
Total	\$	1,557,187

Total rent expense for the year ended June 30, 2021 amounted to \$487,344 and included within occupancy costs in the combining statement of functional expenses.

Contingencies

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying combining financial statements. Accordingly, no amounts have been provided in the accompanying combining financial statements for such potential claims and any retroactive adjustments are recognized in the year the adjustments are known.

Litigation

ABC and Affiliate is, from time-to-time, subject to legal actions in the normal course of business. In the opinion of ABC and Affiliate's management, the eventual resolution of these matters will not materially affect the financial position, cash flows, or change in net assets of ABC and Affiliate.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

June 30, 2021

Fast Break Mental Health	\$	250,000
Summer Camp		105,521
General Support for Programs		83,700
Graham School		48,000
	\$	487,221

Association to Benefit Children and Affiliate

Notes to Combining Financial Statements

Net assets with donor restrictions released from restrictions consist of the following:

June 30, 2021

COVID-19	\$	980,174
Graham School		724,060
Fast Break Mental Health		578,950
Cody House		208,445
Merricat's		194,035
Study Buddies		157,774
All Children's House		150,410
Cassidy's Place		150,276
General Support for Programs		75,000
Youth Services/Afterschool		31,790
	\$	3,250,914

12. Risks and Uncertainties

Investments

ABC and Affiliate's investments consist of a variety of investment securities. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that change in the value of ABC and Affiliate's investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying combining financial statements.

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full impact that the pandemic will have on ABC and Affiliate's combining financial condition, liquidity and future results of operations in 2022.

13. Subsequent Events

ABC and Affiliate's management has performed subsequent events procedures through July 26, 2022, which is the date the combining financial statements were available to be issued. There were no subsequent events requiring adjustment to the combining financial statements or disclosures as a result of these procedures.

Association to Benefit Children and Affiliate

Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Head Start Cluster:				
Head Start Echo Park	93.600	Not Applicable	\$ -	\$ 1,346,065
Head Start Cassidy's Place	93.600	Not Applicable	-	1,076,336
Early Head Start	93.600	Not Applicable	-	2,076,925
COVID-19	93.600	Not Applicable	-	203,643
Subtotal CFDA #93.600 (Head Start Cluster)				- 4,702,969
Passed through NYC Department of Health and Mental Hygiene:				
Block Grant for Community Mental Health Services:				
School Response Team	93.958	0098	-	67,882
Early Childhood Mental Hygiene	93.958	0047	-	107,940
Subtotal CFDA #93.958				- 175,822
Passed through Research Foundation for Mental Hygiene, Inc.:				
Mental Health Disaster Assistance and Emergency Mental Health (Project Hope)	93.982	H707SM083766	-	189,079
Total U.S. Department of Health and Human Services				- 5,067,870
U.S. Department of Agriculture				
Passed through New York State Department of Health:				
Child and Adult Care Food Program (CACFP)	10.558	3473	-	150,088
U.S. Department of Education				
Passed through New York State Education Department:				
Twenty-First Century Community Learning Centers	84.287C	C403016	-	85,748
Federal Communications Commission				
COVID-19 Telehealth Program	32.006	Not Applicable	-	131,053
Total Expenditures of Federal Awards			\$ -	\$ 5,434,759

The accompanying notes are an integral part of this schedule.

Association to Benefit Children and Affiliate
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Association to Benefit Children (ABC) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ABC, it is not intended to and does not present the combining financial position, changes in net assets, or cash flows of ABC.

This Schedule does not included the federal awards of Association to Benefit Children - Housing Development Fund Corporation as they perform their own Uniform Guidance audit.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

ABC has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

The Board of Directors
Association to Benefit Children and Affiliate
New York, 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 combining financial statements of Association to Benefit Children and Affiliate (ABC and Affiliate), which comprise ABC and Affiliate's combining statement of financial position as of June 30, 2021, and the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated July 26, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the combining financial statements, we considered ABC and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining financial statements, but not for the purpose of expressing an opinion on the effectiveness of ABC and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of ABC and Affiliate'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 ABC and Affiliate's combining 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 or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ABC and Affiliate's combining 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 combining financial statements. 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 ABC and Affiliate's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ABC and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

July 26, 2022



Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Association to Benefit Children and Affiliate
New York, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Association to Benefit Children (ABC) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of ABC and Affiliate’s major federal programs for the year ended June 30, 2021. ABC’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, ABC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ABC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of ABC’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ABC’s federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ABC and Affiliate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ABC and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ABC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ABC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ABC and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

July 26, 2022

Association to Benefit Children and Affiliate

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section 1. Summary of Auditor's Results

Combining Financial Statements

Type of report the auditor issued on whether the combining financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported, in accordance with 2 CFR 200.516 (a)?

Yes No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.600	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Section 2. Financial Statement Findings

There were no findings related to the combining financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516 (a)) that are required to be reported.

Supplementary Information

Association to Benefit Children and Affiliate

Preventive Services Program Schedule of Revenues and Expenditures Budget ID Number: 20-GP-ABC-M

Year ended June 30, 2021

	CAPS Approved Budget	CAPS Actual Amount	CAPS Variance	Questioned Costs
Revenues				
Annual	\$ 1,513,162	\$ 1,513,162	\$ -	\$ -
Total Revenues	1,513,162	1,513,162	-	-
Expenditures				
PS Expenditures:				
Salary	919,600	919,600	-	-
Fringes	272,185	272,185	-	-
Fringe percentage	29.60%	29.60%	0.00%	-
Total PS Expenditures	1,191,785	1,191,785	-	-
OTPS expenditures:				
Office supplies	770	770	-	-
Facilities repairs and maintenance	11,000	11,000	-	-
Staff transportation	4,245	4,245	-	-
Staff training	2,000	2,000	-	-
Liability, property, and other insurance	9,750	9,750	-	-
Client transportation	77	77	-	-
Client supplies and activities	304	304	-	-
Cellular phone	12,600	12,600	-	-
Software/MIS	16,606	16,606	-	-
Audit fees	7,500	7,500	-	-
Cleaning service/cleaning supplies	7,500	7,500	-	-
Contracted and professional services	16,667	16,667	-	-
Utilities	11,885	11,885	-	-
Other - copier rental	400	400	-	-
Capital expense and equipment				
> \$5,000	-	-	-	-
Participant support costs	-	-	-	-
Rental costs	90,764	90,764	-	-
Subcontracts amounts				
> \$25,000	-	-	-	-
Other distorting items	-	-	-	-
Total OTPS Expenditures	192,068	192,068	-	-
Total PS and OTPS Expenditures	1,383,853	1,383,853	-	-
Less: questioned costs	-	-	-	-
Total Allowable Costs	1,383,853	1,383,853	-	-
Total Allowable Indirect Cost	129,309	129,309	-	-
Final Approved Indirect Cost Rate (ICR)	10.00%	10.00%	0.00%	-
CIT Approved ICR^(a)	10.00%			-
Total Allowable Expenditures	1,513,162	1,513,162	-	-
Excess (Deficiency) of Revenues Over Expense	\$ -	\$ -	\$ -	\$ -

^(a) 10% de minimis

Association to Benefit Children and Affiliate

Preventive Services Program COVID-19 Revenue and Expenses Schedule Budget ID Number: 20-GP-ABC-M

Year ended June 30, 2021

	CAPS Approved Budget	CAPS Actual Amount	CAPS Variance	Questioned Costs
COVID-19 Revenues				
ACS	\$ -	\$ -	\$ -	\$ -
Total COVID-19 Revenues	-	-	-	-
COVID-19 Personnel Expenditures				
Salaries	-	-	-	-
Fringe	-	-	-	-
Fringe percentage	0.00%	0.00%	0.00%	-
Total COVID-19 PS Expenditures	-	-	-	-
COVID-19 OTPS Expenses				
Technology	-	-	-	-
Program	-	-	-	-
Supplies	-	-	-	-
Other	-	-	-	-
Total COVID-19 OTPS Expenses	-	-	-	-
Total PS and OTPS Expenditures	-	-	-	-
Less: questioned costs	-	-	-	-
Total Allowable Costs	-	-	-	-
Excess (Deficiency) of Revenue Over Expense	\$ -	\$ -	\$ -	\$ -

Association to Benefit Children and Affiliate

Preventive Services Program Schedule of Salaries - Manhattan CPP Budget ID Number: 20-GP-ABC-M

Year ended June 30, 2021

Employee ID Code	Titles	FTE	Budgeted					Actual			Variance
			Salaries	Salary Increase	Career Ladder	COVID-19 Salary	Total Salary	Salary	COVID-19 Salary	Total Salary Paid	
1947	Facilitator	0.11	\$ 4,878	\$ -	\$ -	\$ -	\$ 4,878	\$ 4,878	\$ -	\$ 4,878	\$ -
2022	Facilitator	0.71	31,487	-	-	-	31,487	31,487	-	31,487	-
2114	Facilitator	0.06	2,100	-	-	-	2,100	2,100	-	2,100	-
1987	HR Generalist	0.36	26,000	-	-	-	26,000	26,000	-	26,000	-
1947	Parent Aide	0.14	5,954	-	-	-	5,954	5,954	-	5,954	-
1994	Parent Aide	1.00	36,143	-	-	-	36,143	36,143	-	36,143	-
2041	Parent Aide	0.67	22,683	-	-	-	22,683	22,683	-	22,683	-
1258	Program Director	1.00	85,327	-	-	-	85,327	85,327	-	85,327	-
1557	Quality Assurance Manager	1.00	80,308	-	-	-	80,308	80,308	-	80,308	-
1665	Supervisor	0.79	51,261	-	-	-	51,261	51,261	-	51,261	-
1730	Supervisor	1.00	60,100	-	-	-	60,100	60,100	-	60,100	-
1839	Supervisor	0.67	48,408	-	-	-	48,408	48,408	-	48,408	-
1919	Therapist	1.00	57,093	-	-	-	57,093	57,093	-	57,093	-
1927	Therapist	1.00	55,464	-	-	-	55,464	55,464	-	55,464	-
1955	Therapist	0.99	51,286	-	-	-	51,286	51,286	-	51,286	-
1964	Therapist	0.46	27,047	-	-	-	27,047	27,047	-	27,047	-
1965	Therapist	1.00	54,501	-	-	-	54,501	54,501	-	54,501	-
1968	Therapist	1.00	52,970	-	-	-	52,970	52,970	-	52,970	-
1978	Therapist	1.00	53,185	-	-	-	53,185	53,185	-	53,185	-
1995	Therapist	1.00	53,077	-	-	-	53,077	53,077	-	53,077	-
2046	Therapist	0.55	22,000	-	-	-	22,000	22,000	-	22,000	-
2097	Therapist	0.43	18,980	-	-	-	18,980	18,980	-	18,980	-
2098	Therapist	0.43	19,348	-	-	-	19,348	19,348	-	19,348	-
Total		16.37	\$ 919,600	\$ -	\$ -	\$ -	\$ 919,600	\$ 919,600	\$ -	\$ 919,600	\$ -
Total FTE of Case Planners			8.86								
Total FTE of Supervisors			3.46								
Supervisory Ratio			39.09%								
Total FTE of QA/QI on Staff			1.00								
Total FTE of Case Aides			1.81								

Association to Benefit Children and Affiliate

Preventive Services Program Schedule of Fringe Benefits Budget ID Number: 20-GP-ABC-M

Year ended June 30, 2021

Description	Budgeted			Actual			Fringe % of the Total Salary Cost (%)	Variance
	Approved	COVID-19	Total Approved	Regular	COVID-19	Total Paid		
Pension (Defined or Contribution)	\$ 19,224	\$ -	\$ 19,224	\$ 19,224	\$ -	\$ 19,224	2.19	\$ -
FICA	64,606	-	64,606	64,606	-	64,606	7.36	-
Health Insurance	142,007	-	142,007	142,007	-	142,007	14.77	-
Supplemental Employee Welfare Benefits (Life Insurance, Dental, etc.)	15,098	-	15,098	15,098	-	15,098	1.72	-
Workers' Compensation	13,957	-	13,957	13,957	-	13,957	1.59	-
Unemployment Insurance	14,133	-	14,133	14,133	-	14,133	1.61	-
MTA Payroll Tax	3,160	-	3,160	3,160	-	3,160	0.36	-
Total Fringe Benefits	\$ 272,185	\$ -	\$272,185	\$ 272,185	\$ -	\$ 272,185	29.60	\$ -

Association to Benefit Children and Affiliate

Preventive Services Program Schedule of Fixed Assets Inventory Budget ID Number: 20-GP-ABC-M

Current-year purchases purchased between June 30, 2020 to June 30, 2021

Description	Quantity	Serial Number	Date Purchased with ACS Funds	Condition	Date Sold or Disposed	Total Cost	% Allocated to the CT	% Allocated to Other ACS CTs	% Allocated to Non-ACS CTs	This CT Cost	COVID-19 Related Y/N
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None

Prior-years' purchases purchased from the beginning of the contract purchased between April 23, 2001 to June 30, 2020

Description	Quantity	Serial Number	Date Purchased with ACS Funds	Condition	Date Sold or Disposed	Total Cost	% Allocated to the CT (%)	% Allocated to Other ACS CTs	% Allocated to Non-ACS CTs	Total Cost
Dell File Server	1.00	3QQVJ01	April 23, 2001	S	April 23, 2006	\$ 5,224	100	-	-	
Dell Optiplex-GX110	1.00	CHYXJ01	April 24, 2001	S	April 24, 2004	1,296	100	-	-	
Dell Optiplex-GX110	1.00	7HYXJ01	April 24, 2001	S	April 24, 2004	1,296	100	-	-	
Dell Optiplex-GX110	1.00	9HYXJ01	April 24, 2001	S	April 24, 2004	1,296	100	-	-	
Dell Optiplex-GX110	1.00	FHYXJ01	April 24, 2001	S	April 24, 2004	1,214	100	-	-	
Gateway Laptop - SOCO 5300	2.00	BQB01130295	April 25, 2001	S	April 25, 2004	2,490	100	-	-	
HP LaserJet 8150DN Tabloid	2.00	VSBLL07941	April 24, 2001	S	April 24, 2004	2,891	100	-	-	
										\$ 15,707

Association to Benefit Children and Affiliate

**Preventive Services Program
Schedule of Questioned Costs
Budget ID Number: 20-GP-ABC-M**

Year ended June 30, 2021

Detailed Explanation of Questioned Costs	Questioned Costs
Budget Line Category	
NONE	
	\$

Association to Benefit Children and Affiliate

Preventive Services Program Schedule of Quantitative Program Results Budget ID Number: 20-GP-ABC-M

Year ended June 30, 2021

Cases

<i>a.</i> Number of open cases, July 1, 2020	197
<i>b.</i> Number of new cases during audit period	59
<i>c.</i> Total Number of Cases Serviced During the Audit Period	256
<i>d.</i> Cases terminated	64
<i>e.</i> Total Cases Open, June 30, 2021	192
<i>f.</i> Case-to-case worker ratio	1:24

Association to Benefit Children and Affiliate

Preventive Services Program Indirect Cost Rate Budget ID Number: 20-GP-ABC-M

Year ended June 30, 2021

Approved Indirect Cost Rate (ICR) 10.00%

Check appropriate below:

De Minimis	<input checked="" type="checkbox"/>
Conditional	<input type="checkbox"/>
CPA	<input type="checkbox"/>
NICRA	<input type="checkbox"/>

Program Type	Prevention
Program Name	General Prevention
Contract Number	106820210000121

Final Indirect Cost Budget	\$ 129,309
Total Direct Costs	1,383,853
Distorting items	-
Direct Cost Base	1,383,853
Indirect Costs	129,309
Total Costs	\$ 1,513,162
Effective Rate	10.00%