



ASTOR SERVICES FOR CHILDREN & FAMILIES

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

AND

SINGLE AUDIT REPORTS AND
SCHEDULE REQUIRED BY OFFICE OF
MANAGEMENT AND BUDGET UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2018

AND

ADMINISTRATION FOR CHILDREN'S SERVICES
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018

ASTOR SERVICES FOR CHILDREN & FAMILIES
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
AND
SINGLE AUDIT REPORTS AND
SCHEDULE REQUIRED BY OFFICE OF
MANAGEMENT AND BUDGET UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2018
AND
ADMINISTRATION FOR CHILDREN'S SERVICES
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2018

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-14
Single Audit:	
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	18-19
Schedule of Findings and Questioned Costs	20
Summary Schedule of Prior Audit Findings	21
ACS Supplementary Schedules:	
Preventive Services:	
Schedule of Revenues and Expenditures	22
Schedule of Salaries	23
Schedule of Fringe Benefits	24
Schedule of Fixed Assets Inventory	25
Schedule of Questioned Costs	26
Schedule of Quantitative Program Results	27

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Astor Services for Children & Families

Report on Financial Statements

We have audited the accompanying financial statements of Astor Services for Children & Families ("Astor"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Astor Services for Children & Families as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards ("SEFA") for the year ended June 30, 2018, (shown on page 15) as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and the supplementary schedules (shown on pages 22-27) as required by the City of New York, Administration for Children's Services ("ACS") are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2018 on our consideration of Astor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Astor's internal control over financial reporting and compliance.



New York, NY

December 12, 2018, except for the SEFA and the ACS schedules of Astor as to which date is January 30, 2019.

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents (Notes 2D and 9)	\$ 62,575	\$ 332,261
Accounts receivable, net (Note 2G)	10,055,508	9,645,316
Contribution in-kind - rent, current, net (Notes 2F, 2J and 3)	514,944	514,944
Prepaid expenses, deposits and other assets	407,577	261,624
Due from Foundation (Note 6)	<u>591,123</u>	<u>245,089</u>
 Total current assets	 11,631,727	 10,999,234
Contribution in-kind - rent, non-current, net (Notes 2F, 2J and 3)	6,274,292	6,472,103
Property and equipment, net (Notes 2I, 4 and 5)	10,951,829	11,764,025
Beneficial interest in Foundation (Note 10)	<u>500,000</u>	<u>500,000</u>
 TOTAL ASSETS	 <u>\$ 29,357,848</u>	 <u>\$ 29,735,362</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 4,191,567	\$ 3,201,637
Accrued salaries, vacation and benefits	1,929,946	1,880,001
Due to funding sources and deferred revenue (Note 2E)	2,837,540	3,567,468
Bank line of credit (Note 5)	1,323,024	1,448,024
Pension withdrawal liability, current (Note 7)	1,358,825	1,264,024
Debt, current - net (Note 5)	<u>539,916</u>	<u>512,846</u>
 Total current liabilities	 12,180,818	 11,874,000
Pension withdrawal liability, noncurrent (Note 7)	1,714,630	3,073,455
Debt, noncurrent - net (Note 5)	<u>8,000,845</u>	<u>8,519,548</u>
 TOTAL LIABILITIES	 <u>21,896,293</u>	 <u>23,467,003</u>
 COMMITMENTS AND CONTINGENCIES (Note 8)		
 NET ASSETS (DEFICIT) (Note 2B)		
Unrestricted (Note 11):		
Net investment in property and equipment	2,411,068	2,731,631
Pension liability (Note 7)	(3,073,455)	(4,337,479)
Operations	<u>783,507</u>	<u>265,774</u>
Total unrestricted	121,120	(1,340,074)
Temporarily restricted (Note 12)	6,840,435	7,108,433
Permanently restricted (Note 10)	<u>500,000</u>	<u>500,000</u>
 TOTAL NET ASSETS	 <u>7,461,555</u>	 <u>6,268,359</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 29,357,848</u>	 <u>\$ 29,735,362</u>

The accompanying notes are an integral part of these financial statements.

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For the Year Ended June 30, 2018				For the Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2018	Total 2017	Unrestricted	Temporarily Restricted	Permanently Restricted
REVENUE AND SUPPORT:								
Revenue								
Government contracts and grants (Note 2E)	\$ 34,770,226	\$ -	\$ -	\$ 34,770,226	\$ 35,571,252	\$ 35,571,252	\$ -	\$ -
Contracts with non-governmental entities	1,707,741	-	-	1,707,741	1,794,192	1,794,192	-	-
Medicaid (Note 2E)	19,122,202	-	-	19,122,202	18,537,027	18,537,027	-	-
Private and insurance fees	5,531,195	-	-	5,531,195	5,049,824	5,049,824	-	-
Support								
Donated services and facilities (Notes 2F, 2J, 3 and 6)	700,701	317,133	-	1,017,834	1,095,532	769,159	326,373	-
Management fees from related party (Note 6)	358,203	-	-	358,203	360,743	360,743	-	-
Other	161,629	-	-	161,629	15,857	15,857	-	-
Grants								
United Way, Catholic Charities	20,000	-	-	20,000	90,000	90,000	-	-
Grants from Foundation (Note 6A)	40,000	-	-	40,000	40,000	40,000	-	-
Other grants	602,168	142,555	-	744,723	525,104	453,367	71,737	-
Net assets released from restrictions (Note 2B)	727,686	(727,686)	-	-	-	551,603	(551,603)	-
TOTAL REVENUE AND SUPPORT	63,741,751	(267,998)	-	63,473,753	63,079,531	63,233,024	(153,493)	-
EXPENSES (Note 2H):								
Program services:								
Care Management	4,408,098	-	-	4,408,098	4,436,420	4,436,420	-	-
Crisis Response	1,198,647	-	-	1,198,647	1,054,780	1,054,780	-	-
Early Childhood	11,873,280	-	-	11,873,280	11,323,983	11,323,983	-	-
Education/ School Based Programs	10,552,308	-	-	10,552,308	11,442,010	11,442,010	-	-
Out of Home Placement	13,752,276	-	-	13,752,276	13,952,479	13,952,479	-	-
Outpatient	11,592,631	-	-	11,592,631	10,304,659	10,304,659	-	-
Placement Prevention	1,928,640	-	-	1,928,640	2,803,984	2,803,984	-	-
Total program services	55,305,880	-	-	55,305,880	55,318,315	55,318,315	-	-
Support services:								
Management and administration	6,787,688	-	-	6,787,688	6,011,357	6,011,357	-	-
Fundraising	186,989	-	-	186,989	83,918	83,918	-	-
Total support services	6,974,677	-	-	6,974,677	6,095,275	6,095,275	-	-
TOTAL EXPENSES (Note 2H)	62,280,557	-	-	62,280,557	61,413,590	61,413,590	-	-
CHANGE IN NET ASSETS	1,461,194	(267,998)	-	1,193,196	1,665,941	1,819,434	(153,493)	-
Net assets (deficit) - beginning of year	(1,340,074)	7,108,433	500,000	6,268,359	4,602,418	(3,159,508)	7,261,926	500,000
NET ASSETS (DEFICIT) - END OF YEAR	\$ 121,120	\$ 6,840,435	\$ 500,000	\$ 7,461,555	\$ 6,268,359	\$ (1,340,074)	\$ 7,108,433	\$ 500,000

The accompanying notes are an integral part of these financial statements.

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Comparative Totals for 2017)

For the Year Ended June 30, 2018

	Program services								Supporting Services			
	Care Management	Crisis Response	Early Childhood	Education/ School Based Programs	Out of Home Placement	Outpatient	Placement Prevention	Total Program Services	Fundraising	Management and Administration	Total 2018	Total 2017
Salaries and related expenses:												
Salaries	\$ 2,722,219	\$ 766,885	\$ 6,683,758	\$ 6,667,176	\$ 7,091,765	\$ 7,361,496	\$ 1,263,100	\$ 32,556,399	\$ -	\$ 3,394,297	\$ 35,950,696	\$ 34,496,343
Employee health and retirement benefits (Note 7)	689,349	144,354	1,424,540	1,546,498	1,409,738	1,337,600	220,521	6,772,600	-	656,095	7,428,695	7,287,705
Payroll taxes and other benefits	281,743	77,117	686,063	667,396	715,490	779,486	138,746	3,346,041	-	350,571	3,696,612	3,338,487
Total salaries and related expenses	3,693,311	988,356	8,794,361	8,881,070	9,216,993	9,478,582	1,622,367	42,675,040	-	4,400,963	47,076,003	45,122,535
Professional services	73,402	30,638	575,307	468,073	788,878	1,040,948	111,293	3,088,539	6,900	766,050	3,861,489	3,946,242
Supplies	23,960	4,067	356,985	107,056	473,405	69,773	9,358	1,044,604	-	52,101	1,096,705	1,166,658
Telephone	53,525	34,829	(22,344)	(15,082)	38,532	241,957	24,865	356,282	17,508	756,804	1,130,594	1,578,887
Occupancy (Notes 5, 6 and 8)	172,368	73,450	326,685	406,480	321,270	283,845	41,836	1,625,934	14,607	76,786	1,717,327	1,775,714
Travel & related expenses	114,051	29,372	102,449	23,009	121,036	55,542	49,455	494,914	-	102,689	597,603	640,851
Training & conferences	8,386	8,435	70,068	26,240	56,841	77,686	7,597	255,253	4,297	62,734	322,284	330,851
Specific assistance	119,604	-	3,711	26	9,685	15	7,527	140,568	-	-	140,568	159,088
Foster boarding home	-	-	-	-	1,092,953	-	-	1,092,953	-	-	1,092,953	1,159,364
Children's activities	787	453	20,906	17,008	54,034	233	1,067	94,488	3,720	-	98,208	113,960
Insurance	58,490	15,362	147,330	138,824	174,037	157,710	26,315	718,068	-	-	718,068	772,983
Food	-	346	264,933	52,691	233,729	137	-	551,836	-	8,579	560,415	524,244
Furniture and equipment	34,679	4,616	87,756	80,343	75,857	58,025	4,108	345,384	-	45,090	390,474	402,367
Grant expense	-	-	4,360	-	-	-	-	4,360	38,216	-	42,576	38,376
Interest (Note 5)	-	-	-	72,442	421,348	-	-	493,790	-	87,094	580,884	649,330
Depreciation and amortization (Note 4)	8,289	4,021	189,047	126,127	523,907	37,257	10,275	898,923	98,453	183,981	1,181,357	1,110,898
Bad debt expense (Note 2G)	-	-	-	-	-	-	-	-	-	-	-	217,905
Donated services and facilities (Note 2F)	12,470	3,275	932,051	120,422	108,189	33,623	5,610	1,215,640	-	-	1,215,640	1,284,100
Miscellaneous	34,776	1,427	19,675	47,579	41,582	57,298	6,967	209,304	3,288	244,817	457,409	419,237
Total expenses before allocation	4,408,098	1,198,647	11,873,280	10,552,308	13,752,276	11,592,631	1,928,640	55,305,880	186,989	6,787,688	62,280,557	61,413,590
Allocation of central administration	588,230	154,490	770,732	1,396,140	1,750,271	1,586,069	264,644	6,510,576	-	(6,510,576)	-	-
Total expenses after allocation	\$ 4,996,328	\$ 1,353,137	\$ 12,644,012	\$ 11,948,448	\$ 15,502,547	\$ 13,178,700	\$ 2,193,284	\$ 61,816,456	\$ 186,989	\$ 277,112	\$ 62,280,557	\$ 61,413,590

The accompanying notes are an integral part of these financial statements.

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

For the Year Ended June 30, 2017

	Program services								Supporting Services		
	Care Management	Crisis Response	Early Childhood	Education/ School Based Programs	Out of Home Placement	Outpatient	Placement Prevention	Total Program Services	Fundraising	Management and Administration	Total 2017
Salaries and related expenses:											
Salaries	\$ 2,696,448	\$ 604,625	\$ 6,113,199	\$ 7,061,575	\$ 6,980,261	\$ 6,504,140	\$ 1,787,716	\$ 31,747,964	\$ -	\$ 2,748,379	\$ 34,496,343
Employee health and retirement benefits (Note 7)	730,423	140,387	1,385,748	1,607,940	1,342,988	1,146,974	306,269	6,660,729	-	626,976	7,287,705
Payroll taxes and other benefits	239,466	67,896	652,043	632,441	635,392	597,917	160,990	2,986,145	-	352,342	3,338,487
Total salaries and related expenses	3,666,337	812,908	8,150,990	9,301,956	8,958,641	8,249,031	2,254,975	41,394,838	-	3,727,697	45,122,535
Professional services	83,993	26,117	588,515	598,489	804,739	1,039,877	123,220	3,264,950	10,278	671,014	3,946,242
Supplies	24,348	9,465	277,361	141,410	567,961	72,800	16,437	1,109,782	-	56,876	1,166,658
Telephone	63,528	32,717	146,620	137,000	178,451	224,826	40,705	823,847	2,764	752,276	1,578,887
Occupancy (Notes 5, 6 and 8)	191,493	63,391	291,694	456,412	371,377	259,378	63,279	1,697,024	-	78,690	1,775,714
Travel & related expenses	117,813	24,235	103,490	19,815	158,278	35,651	84,772	544,054	-	96,797	640,851
Training & conferences	2,613	9,031	22,501	43,585	39,859	58,924	107,178	283,691	-	47,160	330,851
Specific assistance	107,576	16	2,120	171	15,910	-	33,295	159,088	-	-	159,088
Foster boarding home	-	-	-	-	1,159,364	-	-	1,159,364	-	-	1,159,364
Children's activities	1,338	379	28,361	14,034	65,159	189	376	109,836	4,124	-	113,960
Insurance	62,904	13,872	149,034	161,922	193,733	150,576	40,942	772,983	-	-	772,983
Food	293	101	230,988	53,004	232,688	78	-	517,152	-	7,092	524,244
Furniture and equipment	38,545	4,496	95,736	67,196	75,964	65,061	6,575	353,573	-	48,794	402,367
Grant expense	-	-	-	-	-	-	-	-	38,376	-	38,376
Interest (Note 5)	-	-	-	82,627	456,449	-	-	539,076	-	110,254	649,330
Depreciation and amortization (Note 4)	8,654	4,359	206,390	139,077	507,154	35,385	10,976	911,995	18,471	180,432	1,110,898
Bad debt expense (Note 2G)	28,500	49,500	9,900	71,805	17,700	35,500	5,000	217,905	-	-	217,905
Donated services and facilities (Note 2F)	12,517	2,760	998,792	123,044	108,915	29,925	8,147	1,284,100	-	-	1,284,100
Miscellaneous	25,968	1,433	21,491	30,463	40,137	47,458	8,107	175,057	9,905	234,275	419,237
Total expenses before allocation	4,436,420	1,054,780	11,323,983	11,442,010	13,952,479	10,304,659	2,803,984	55,318,315	83,918	6,011,357	61,413,590
Allocation of central administrator	513,518	113,247	688,859	1,321,855	1,552,056	1,229,230	334,230	5,752,995	-	(5,752,995)	-
Total expenses after allocation	\$ 4,949,938	\$ 1,168,027	\$ 12,012,842	\$ 12,763,865	\$ 15,504,535	\$ 11,533,889	\$ 3,138,214	\$ 61,071,310	\$ 83,918	\$ 258,362	\$ 61,413,590

The accompanying notes are an integral part of these financial statements.

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,193,196	\$ 1,665,941
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,181,357	1,110,898
Reduction of contribution in-kind - rent receivable	514,944	514,944
Amortization of deferred financing costs	13,431	13,431
Bad debt	-	217,905
Amortization of discount on contribution in-kind receivable	<u>(317,133)</u>	<u>(326,373)</u>
Subtotal	2,585,795	3,196,746
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(410,192)	(1,146,757)
Prepaid expenses, deposits and other assets	(145,953)	82,813
Due from the Foundation	(346,034)	(90,591)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	989,930	1,048,077
Accrued salaries, vacation and benefits	49,945	(1,151,778)
Due to funding sources and deferred revenue	(729,928)	(126,168)
Pension withdrawal liability	<u>(1,264,024)</u>	<u>(1,175,836)</u>
Net Cash Provided by Operating Activities	<u>729,539</u>	<u>636,506</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(369,161)</u>	<u>(294,207)</u>
Net Cash Used in Investing Activities	<u>(369,161)</u>	<u>(294,207)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of debt	(505,064)	(477,819)
Principal payments of line of credit	<u>(125,000)</u>	<u>(251,976)</u>
Net Cash Used in Financing Activities	<u>(630,064)</u>	<u>(729,795)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(269,686)	(387,496)
Cash and cash equivalents - beginning of year	<u>332,261</u>	<u>719,757</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 62,575</u>	<u>\$ 332,261</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 567,453</u>	<u>\$ 635,899</u>

The accompanying notes are an integral part of these financial statements.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Astor Services for Children & Families ("Astor") is a not-for-profit membership corporation whose sole member is the Catholic Charities Alliance (the "Alliance"). The Alliance oversees the Board of Directors, including the election of the Board, determination of the size of the Board, approval of the Board's choice of Executive Director and approval of certain transactions, such as large loans. Astor is a child care agency serving emotionally disturbed and mentally ill young people from throughout New York State through various sites in Dutchess County, Orange County and the Bronx. Astor provides residential, educational and clinical services to these people and provides community-based, family-oriented services for those persons who are experiencing difficulty at home, in school or in the community. In addition, other programs are provided in preventive, day care, special education programs for children with learning disabilities and educational formats. Astor's major sources of revenue come from federal, New York State and local agencies.

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

Astor is the sole member of The Children's Foundation of Astor ("Foundation") which was incorporated in 1990 under the Not-For-Profit Corporation Law of the State of New York. The Foundation has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to raise funds and provide grants as well as support the activities of Astor. The financial statements for Astor do not consolidate the Foundation since the Foundation is controlled by the Alliance.

Programs operated by Astor are summarized below.

- **Care Management:** The provision of support and linkages to programs/services in the home, school and community.
- **Crisis Response:** Immediate home and school response in times of crisis for the purpose of stabilizing a situation and minimizing the child's disruption. Partial Hospitalization program is for adolescents needing the highest level of clinical support without a residential component.
- **Early Childhood:** Head Start education programs, and Clinical Day-Treatment programs (Day Treatment) for young children ages 3-5 years.
- **Education/School Based Programs:** Schools and Day Treatment programs in a variety of educational settings with any combination of education, behavioral and clinical support including direct clinical care and classroom consultative arrangements.
- **Out of Home Placement:** Therapeutic foster families, and congregate residential care for young children in a Residential Treatment Center. Specialized, high-level clinically based residential care in a Residential Treatment Facility.
- **Outpatient:** An array of outpatient clinics for children, adolescents and young adults in the community. This includes therapy services using evidence-based practices, psychiatry, and tele-psychiatry services.
- **Placement Prevention:** Individualized services provided at home, school and community for children at risk of residential placement including the Prevention programs, Functional Family Therapy, juvenile justice prevention, and more. The program also includes innovative cross-systems integration to serve children who are at high risk in the community.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Astor prepares its financial statements using the accrual basis of accounting. Astor adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. Revenue and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Astor and changes therein are classified and reported as follows:
 - **Unrestricted Net Assets** – Represents resources available for support of Astor's operations, over which the Board of Directors has discretionary control.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Temporarily Restricted Net Assets – Astor reports contributions of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated asset; such assets are considered temporarily or permanently restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, Astor reports the contribution as unrestricted.
 - Permanently Restricted Net Assets – Represents assets subject to donor-imposed stipulations that they be maintained permanently by Astor. Astor has permanently restricted net assets of \$500,000 as of June 30, 2018 and 2017.
- C. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- D. Cash and cash equivalents consist of: cash, money market accounts and securities backed by the U.S. Government with maturities, when purchased, of three months or less.
- E. Contracts and grants consist of revenue received through various federal, state and local governmental agencies. Astor also receives residential, day treatment, medical and tuition support from various New York State counties and school districts. Reimbursement rates are preliminarily based upon prior years' actual cost data provided to the Department of Social Services ("DSS"), the State Education Department ("SED") and the Office of Mental Health ("OMH"). Final determination of rates is based upon DSS, SED and OMH's review and audit of actual expenditures for the applicable year. Government contracts and grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, Astor establishes refundable advances from governmental sources. Any revenue for contracts that have not yet been earned are reclassified as deferred revenue in the statements of financial position. Revenue from fees for service programs are recognized as they are earned (services are provided daily and/or monthly).

Due to funding sources and deferred revenue includes advances paid from Medicaid programs in excess of allowable amounts. Such amounts may be required to be repaid to funding sources through the Medicaid recoupment process. Provisions for amounts due to or from funding sources based on estimated financial rates have been made in the financial statements. Differences between estimated and actual financial rates will be reflected in the statements of activities in the year the final rates are approved. In the opinion of management, no material adjustments are expected from these audits. Due to funding sources also includes excess reimbursements made to Astor by the funding sources for the educational program. Most of these amounts will be recovered by the funding sources over time as future services are billed.

Approximately 86% of Astor's unrestricted revenues were provided by Medicaid reimbursement and government contracts and grants during each of the years ended June 30, 2018 and 2017.

There are occasions when funding source reimbursements received in prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. Included in the change in net assets for the years ended June 30, 2018 and 2017 was approximately \$918,000 and \$79,000, respectively, of prior year increases, relating to such adjustments.

Astor estimates the effect of SED's reconciliation process and records increases or decreases in tuition revenue for that year. The purpose is to more closely match reimbursable expenses with tuition revenue. For the years ended June 30, 2018 and 2017, Astor recognized an estimated increases of \$249,447 and \$115,819, respectively, for tuition revenue based on SED's reconciliation process. These amounts are reflected in service fees and grants from governmental agencies and accounts receivable.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. Astor receives donated services, equipment, supplies and other items which supplement the efforts of Astor's professional staff in providing services. Astor records these contributions in the accompanying financial statements as support and expenses at the estimated value of the donated goods and services. In addition, Astor receives contributed space as further described in Note 3.
- G. As of June 30, 2018 and 2017, Astor determined that an allowance for doubtful accounts of approximately \$250,000 was necessary for accounts receivable. Such estimates are based on a combination of factors, such as management's assessment of the aged basis of its government funding sources, creditworthiness of funders and its donors, current economic conditions and historical experience. A significant portion of accounts receivable consists of amounts due from federal and New York State sources.
- H. Astor allocates certain expenses among the various program and supporting services categories. The expense allocated to a particular category is based on a number of factors. Salary expense is based on the estimated time spent on each program and certain other expenses are allocated based on the ratio-value method (a NYS government accepted allocation method) for each program.
- I. Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Astor capitalizes property and equipment with a cost of \$1,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease.
- J. Pledges of contributions-in-kind rent are recorded as revenue when made. Astor considers these pledges scheduled to be received in future periods as implicitly time restricted. Astor discounts long-term pledges using a risk-free adjusted interest rate for the expected term of the promise to give applicable to the years in which the pledges are received.
- K. Pledges are recorded as income when Astor is formally notified of the grants or contributions by the respective donors. Unless material to the financial statements, Astor does not discount multiyear pledges.
- L. Certain line items in the June 30, 2017 financial statements have been reclassified to conform to the June 30, 2018 presentation.

NOTE 3—CONTRIBUTION IN-KIND RECEIVABLE

The contribution in-kind rent receivable consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Amount due in less than one year	\$ 514,944	\$ 514,944
Amount due from one to five years	2,059,776	2,059,776
Amount due in greater than five years	<u>7,724,160</u>	<u>8,239,104</u>
	10,298,880	10,813,824
Less: Unamortized discount to present value	<u>(3,509,644)</u>	<u>(3,826,777)</u>
	<u>\$ 6,789,236</u>	<u>\$ 6,987,047</u>

Astor has a 40-year lease agreement, effective October 1, 1998, with the Archbishop of New York for the use of the land and improvements at the Rhinebeck location. Astor is required to pay a nominal rent of \$1 per year. Astor has estimated the fair value of the annual lease payment to be approximately \$515,000. The fair value associated with the use of the property is amortized over the term of the lease.

Amortization of the discount on the contribution-in-kind amounted to \$317,133 and \$326,373 for the years ended June 30, 2018 and 2017, respectively.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 117,993	\$ 117,993	-
Buildings	16,289,862	16,518,680	40 years
Furniture and equipment	2,644,673	3,817,814	3-10 years
Leasehold improvements	4,538,962	7,615,902	Lease term
Construction in progress (see below)	<u>112,832</u>	<u>155,366</u>	-
Total cost	23,704,322	28,225,755	
Accumulated depreciation and amortization	<u>(12,752,493)</u>	<u>(16,461,730)</u>	
Net book value	<u>\$ 10,951,829</u>	<u>\$ 11,764,025</u>	

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 amounted to \$1,181,357 and \$1,110,898, respectively. During the years ended June 30, 2018 and 2017, Astor wrote-off fully depreciated/amortized property and equipment amounting to \$4,890,594 and \$0, respectively. This write-off reflected such equipment and leasehold improvements no longer in service.

As of June 30, 2018, construction in progress primarily consists of the real estate advisory costs for rezoning feasibility and development options for property owned at 750 Tilden Avenue, Bronx, New York. The project is expected to be completed between 4-5 years with expected future costs of approximately \$9.8 million.

NOTE 5—DEBT

Debt consists of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Note payable to a bank, due June 2019, payable in monthly installments of \$4,981 (principal and interest). The interest rate is fixed at 4.89%; collateralized by certain property and equipment.	\$ 72,808	\$ 127,405
Note payable to a bank, due January 2025, payable in monthly installments of \$17,283 (principal and interest). The interest rate is fixed at 5.45% for the first ten years (ending January 2022), after which the rate is reset based on M&T Bank's 3-year cost of funds, plus 325 basis points; collateralized by certain property and equipment.	1,142,229	1,282,354
Note payable to a bank, due January 2033, payable in monthly installments of principal and interest. The interest rate is fixed at 5.45% for the first ten years (ending January 2022), after which the rate is reset based on M&T Bank's 3-year cost of funds, plus 325 basis points; collateralized by certain property and equipment.	<u>7,386,316</u>	<u>7,696,658</u>
Total Debt	8,601,353	9,106,417
Less: Unamortized debt issue costs	(60,592)	(74,023)
Less: Current portion	<u>(539,916)</u>	<u>(512,846)</u>
Debt, net of current portion	<u>\$ 8,000,845</u>	<u>\$ 8,519,548</u>

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5—DEBT (Continued)

Future principal payments (not net of issuance costs) for the fiscal years subsequent to June 30, 2018 are as follows:

2019	\$ 539,916
2020	525,170
2021	538,104
2022	568,174
2023	599,925
Thereafter (expiring January 2033)	<u>5,830,064</u>
	<u>\$ 8,601,353</u>

Astor has a line of credit with a bank capped at \$4,000,000, of which \$1,323,024 and \$1,448,024 was outstanding as of June 30, 2018 and 2017, respectively. The line of credit is secured by Astor's receivables and carries interest at three percentage points above the one month LIBOR rate (amounting to an interest rate of 5.09% and 4.23% as of June 30, 2018 and 2017, respectively). The line is payable on demand. As of December 12, 2018, there was \$2,923,024 borrowed.

As of June 30, 2018, \$8,601,353 of the long-term debt and the line of credit of \$4,000,000 are held with one bank with cross default clauses whereby default on one obligation will trigger default on the other obligations. Astor must comply with certain administrative and financial covenants, which it has done.

Interest expense related to debt for the years ended June 30, 2018 and 2017 amounted to \$580,884 and \$649,330, respectively.

NOTE 6—TRANSACTIONS WITH THE FOUNDATION AND RELATED PARTIES

- A. Astor conducts its residential programs and has its administrative offices in facilities owned by the Archdiocese of New York. No rent is paid for the use of these facilities. The estimated value of such contributed rent was \$515,000 for each of the years ended June 30, 2018 and 2017. See Note 3.

Astor is the sole member of the Foundation. Astor is a tenant in buildings owned by the Foundation. Rental expense paid to the Foundation amounted to \$4,050 and \$31,845 for the years ended June 30, 2018 and 2017, respectively. Astor charges the Foundation for certain administrative expenses incurred, which amounted to \$358,203 and \$360,743 for the years ended June 30, 2018 and 2017, respectively. Such amounts are included in other support in the accompanying statements of activities. Astor has a receivable from the Foundation amounting to \$591,123 and \$245,089 as of June 30, 2018 and 2017, respectively. For the years ended June 30, 2018 and 2017, the Foundation contributed \$40,000 to Astor, which is reflected as grant from the Foundation in the accompanying financial statements.

- B. Astor has a Board member whose firm is its insurance broker, which receives commission income from various insurance companies providing coverage to Astor. For the years ended June 30, 2018 and 2017, the insurance brokerage commissions paid to the Board member's firm amounted to \$307,519 and \$325,459, respectively. Also, Astor has a Board member who is a partner in a law firm that provides legal services to Astor. For the years ended June 30, 2018 and 2017, Astor paid legal fees to the Board member's law firm amounting to \$4,360 and \$852, respectively. In addition, Astor maintains certain cash accounts and loans with a bank that employs an Astor Board member. Astor has conflict of interest policies and disclosures that are regularly reviewed by the Board. In addition, it is the policy of Astor to ensure that any person in a conflict of interest position recuses themselves from voting on business transactions in which the individual has a conflict of interest. Astor routinely evaluates the pricing of the services rendered for purposes of determining that they are at or below fair market value.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7—RETIREMENT PLANS

- A. Astor previously participated in the Archdiocesan Pension Plan (the “Plan”), a defined benefit multiemployer plan. All employees who met the age and years of service requirements were noncontributory participants in the Plan. Astor withdrew from the Plan as of December 31, 2014. As a result of withdrawing from the Plan, the Archdiocese required that Astor pay an employer liability and administration charge of approximately \$6,353,000 payable in 60 monthly installments of approximately \$128,000 starting September 1, 2015 and ending August 1, 2020. This amount represented Astor’s calculated share as a participant in the plan which was underfunded at the withdrawal date. Under U.S. GAAP, the liability was recorded as of June 30, 2014. As of June 30, 2018 and 2017, the accrued pension withdrawal liability for the Plan was \$3,073,455 and \$4,337,479, respectively. Payments made by Astor to reduce the liability amounted to \$1,264,024 and \$1,175,836 for the years ended June 30, 2018 and 2017, respectively.

Future payments for the years subsequent to June 30, 2018 are as follows:

2019	\$ 1,358,825
2020	1,460,737
2021	<u>253,893</u>
	<u>\$ 3,073,455</u>

- B. Effective January 1, 2015, Astor implemented a defined contribution 403(b) Thrift Plan (“403(b) Plan”) covering all eligible employees. The 403(b) Plan is a calendar December 31st plan. Astor’s contribution into the 403(b) Plan ranges from 2.75% to 12% of the employee’s salary depending on years of completed service. Pension expense for the years ended June 30, 2018 and 2017 amounted to \$1,479,916 and \$1,389,712, respectively.

NOTE 8—COMMITMENTS AND CONTINGENCIES

- A. Astor has operating lease commitments for certain facilities, vehicles and equipment expiring on various dates through FY 2023. Aggregate minimum rentals for the fiscal years ending after June 30, 2018 are as follows:

	<u>Facilities</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
2019	\$ 684,364	\$ 256,456	\$ 552,068	\$ 1,492,888
2020	298,887	230,829	151,829	681,545
2021	-	127,042	67,813	194,855
2022	-	76,789	63,765	140,554
2023	-	47,054	-	47,054
	<u>\$ 983,251</u>	<u>\$ 738,170</u>	<u>\$ 835,475</u>	<u>\$ 2,556,896</u>

Rent expense for the facilities, vehicles and equipment amounted to \$967,917, \$288,797 and \$253,164, respectively for the year ended June 30, 2018 and \$1,008,749, \$300,772 and \$248,254, respectively for the year ended June 30, 2017.

- B. Pursuant to Astor’s contractual relationships with certain funding sources, outside governmental agencies have the right to examine Astor’s books and records involving transactions relating to those contracts. The accompanying financial statements make no provision for possible disallowances, although such possible disallowances could be substantial in amount. In the opinion of management, any actual disallowances would be immaterial to the financial statements.
- C. Astor believes it has no uncertain income tax positions as of June 30, 2018 and 2017 in accordance with Accounting Standards Codification (“ASC”) Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9—CONCENTRATIONS

A. *Concentration of Credit Risk*

Cash and cash equivalents that potentially subject Astor to a concentration of credit risk include cash accounts with financial institutions that exceeded the Federal Deposit Insurance Coverage ("FDIC") insurance limits (\$250,000). Such amounts are at one bank and amount to approximately \$406,000 and \$640,000 as of June 30, 2018 and 2017, respectively.

B. *Concentration of Labor*

Certain of Astor's employees have formed collective bargaining units. The collective bargaining units are subject to the work rules and policies of Astor.

NOTE 10—BENEFICIAL INTEREST IN RELATED PARTY

In 1997, the Foundation received a grant of \$500,000 for the establishment of an endowment fund for Astor. Astor recorded its interest in the net assets of the Foundation as permanently restricted net assets.

NOTE 11—DEFICIT UNRESTRICTED NET ASSETS

As of June 30, 2018 and 2017, Astor has a surplus (deficit) unrestricted net asset balance of \$121,120 and (\$1,340,074), respectively. These deficits are lessened by the fact that the Foundation, which was formed to raise funds and provide grants as well as support the activities of Astor, has approximately \$2.7 million and \$2.8 million of operating net assets (after subtracting its investment in property and equipment) as of June 30, 2018 and 2017, respectively. It is conceivable that all or a portion of such amount could be used to alleviate Astor's deficit if necessary.

For the years ended June 30, 2018 and 2017, Astor had increases in unrestricted net assets amounting to \$1,461,194 and \$1,819,434, respectively, and generated cash flow from operations amounting to approximately \$730,000 and \$637,000, respectively.

NOTE 12—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following as of June 30:

	<u>2018</u>	<u>2017</u>
Contribution in kind rent (see Note 3 for details)	\$ 6,789,236	\$ 6,987,047
Other	<u>51,199</u>	<u>121,386</u>
	<u>\$ 6,840,435</u>	<u>\$ 7,108,433</u>

Net assets were released from donor restrictions during the years ended June 30, 2018 and 2017, by incurring expenses satisfying the restricted purpose or occurrence specified by the donors.

NOTE 13—SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 12, 2018, the date the financial statements were available to be issued.

**ASTOR SERVICES FOR CHILDREN & FAMILIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity/Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services:				
Head Start	93.600		\$ 7,237,069	\$ -
Block Grant for Community Mental Health Services (Passed-through from the New York City Department of Health and Mental Hygiene)	93.958	097	<u>170,907</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>7,407,976</u>	<u>-</u>
U.S. Department of Agriculture:				
Child and Adult Care Food Program (Passed-through from New York State Department of Health)	10.558	02150	<u>336,379</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>336,379</u>	<u>-</u>
Amounts Provided to Subrecipients				<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,744,355</u>	

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Astor under programs of the federal government for the year ended June 30, 2018. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Astor, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Astor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures on the Schedule are reported using 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.

NOTE 3 – INDIRECT COST RATES

Astor has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Astor Services for Children & Families

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Astor Services for Children & Families ("Astor"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Astor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 Astor's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marks Paneth LLP

New York, NY
December 12, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Astor Services for Children & Families

Report on Compliance for Each Major Federal Program

We have audited Astor Services for Children & Families' ("Astor") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on Astor's major federal programs for the year ended June 30, 2018. Astor's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Astor's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about Astor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Astor's compliance.

Opinion on Each Major Federal Program

In our opinion, Astor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Astor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Astor's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Astor's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marks Paneth LLP

New York, NY
January 30, 2019

**ASTOR SERVICES FOR CHILDREN & FAMILIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major program:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes X No

Identification of major program:

- U.S. Department of Health and Human Services Head Start (CFDA # 93.600)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

**ASTOR SERVICES FOR CHILDREN & FAMILIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no prior year audit findings.

**ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER 20160001591
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>FINAL APPROVED BUDGET</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE</u>	<u>QUESTIONED COSTS</u>
REVENUES:				
ACS	\$ 776,419	\$ 664,829	\$ 111,590	\$ -
TOTAL REVENUES	<u>776,419</u>	<u>664,829</u>	<u>111,590</u>	<u>-</u>
EXPENDITURES				
PS EXPENDITURES	<u>622,279</u>	<u>531,850</u>	<u>90,429</u>	<u>-</u>
Total PS Expenditures	<u>622,279</u>	<u>531,850</u>	<u>90,429</u>	<u>-</u>
OTPS EXPENDITURES	<u>83,556</u>	<u>64,282</u>	<u>19,274</u>	<u>-</u>
Total OTPS Expenditures	<u>83,556</u>	<u>64,282</u>	<u>19,274</u>	<u>-</u>
Total PS and OTPS Expenditures	<u>705,835</u>	<u>596,132</u>	<u>109,703</u>	<u>-</u>
ADMINISTRATIVE OVERHEAD	<u>70,584</u>	<u>82,839</u>	<u>(12,255)</u>	<u>-</u>
Total Expenditures	<u>776,419</u>	<u>678,971</u>	<u>97,448</u>	<u>-</u>
TOTAL ALLOWABLE COSTS	<u>776,419</u>	<u>678,971</u>	<u>97,448</u>	<u>-</u>
(Deficiency)/Excess of Revenue Over Expense	<u>\$ -</u>	<u>\$ (14,142)</u>	<u>\$ 14,142</u>	<u>\$ -</u>

**ASTOR SERVICES FOR CHILDREN FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER 20160001591
SCHEDULE OF SALARIES
FOR THE YEAR ENDED JUNE 30, 2018**

Employee Identification		Original Budgeted	Phase II Salary	Final Approved	Salary	
Code	Title	Salary	Supports	Budgeted Salary	Paid	Variance
502	Program Director	\$ 88,199	\$ 1,801	\$ 90,000	\$ 66,450	\$ 23,550
502	Supervisor	59,108	5,892	65,000	62,103	2,897
301	Case Planner	53,485	-	53,485	49,817	3,668
301	Case Planner	60,730	-	60,730	59,667	1,063
301	Case Planner	34,256	5,744	40,000	32,360	7,640
301	Case Planner	35,643	4,892	40,535	27,743	12,792
301	Case Planner	31,780	8,220	40,000	34,253	5,747
505	Compliance Associate	27,249	17,917	45,166	34,499	10,667
102	Building Custodian	4,151	-	4,151	4,915	(764)
505	Administrative Coordinator	2,407	-	2,407	2,375	32
505	Customer Service Rep	2,093	-	2,093	6,207	(4,114)
501	Asst Executive Director	7,122	-	7,122	7,565	(443)
102	IT Technician	1,631	-	1,631	-	1,631
102	Operations Technician	2,360	-	2,360	-	2,360
502	FTC Facilitator	26,000	-	26,000	5,385	20,615
301	Case Aide	-	7,537	7,537	2,384	5,153
604	Deputy Director	-	7,068	7,068	9,495	(2,427)
TOTAL		\$ 436,214	\$ 59,071	\$ 495,285	\$ 405,218	\$ 90,067

Total FTE of Case Planners	<u>4.65</u>
Total FTE of Supervisors	<u>0.96</u>
Supervisory Ratio:	<u>21%</u>
Total FTE of QA/QI on staff	<u>1.00</u>
Total FTE of Case Aids	<u>0.05</u>

**ASTOR SERVICES FOR CHILDREN FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER 20160001591
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Description</u>	<u>Final Approved Budgeted</u>	<u>Actual</u>	<u>Actual Fringe % of Total Salary Cost</u>	<u>Variance</u>
FICA	\$ 37,642	\$ 29,488	7%	\$ 8,154
Health	29,620	48,701	12%	(19,081)
Worker's Compensation	9,906	9,348	2%	558
Unemployment	4,953	3,010	1%	1,943
Disability	1,980	953	0%	1,027
Other - Pension	42,892	34,050	8%	8,842
Other - Dental	-	1,082	0%	(1,082)
TOTAL	<u><u>\$ 126,993</u></u>	<u><u>\$ 126,632</u></u>	<u><u>30%</u></u>	<u><u>\$ 361</u></u>

ASTOR SERVICES FOR CHILDREN FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER 20160001591
SCHEDULE OF FIXED ASSETS INVENTORY
AS OF JUNE 30, 2018

<u>Description</u>	<u>Year of Purchase</u>	<u>Serial Number</u>	<u>Date Purchased with ACS Funds</u>	<u>Cost</u>	Phase II Amendment Purchase (Y/N)
Current Year					
None				\$ -	
Prior Year(s)					
None				-	
Fully Depreciated Assets					
None				-	
			TOTAL COST	<u>\$ -</u>	

ASTOR SERVICES FOR CHILDREN FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER 20160001591
SCHEDULE OF QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Detailed Explanation of Questioned Costs</u>	Questioned Costs
None	\$ -
TOTAL QUESTIONED COSTS	<u><u>\$ -</u></u>

**ASTOR SERVICES FOR CHILDREN FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER 20160001591
SCHEDULE OF QUANTITATIVE PROGRAM RESULTS
FOR THE YEAR ENDED JUNE 30, 2018**

QUANTIFIABLE INDICATORS

Number of open cases at beginning of period	32
Number of new cases during audit period	26
Number of cases serviced during audit period	58
Cases terminated	24
Cases open as of current year	34
Case to case worker ratio	12.5