



ASTOR SERVICES FOR CHILDREN & FAMILIES

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

AND

SINGLE AUDIT REPORTS AND
SCHEDULE REQUIRED BY THE OFFICE OF
MANAGEMENT AND BUDGET UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2019

AND

ADMINISTRATION FOR CHILDREN'S SERVICES
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

ASTOR SERVICES FOR CHILDREN & FAMILIES
FINANCIAL STATEMENTS
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FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Astor Services for Children & Families as of June 30, 2019 and 2018, 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.

Emphasis of a Matter

As discussed in Note 2L to the financial statements, during the year ended June 30, 2019, Astor adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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, 2019, (shown on page 16) 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 23-28) 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 January 24, 2020 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.

Marks Paneth LLP

New York, NY

January 24, 2020, except for the SEFA and ACS schedules of Astor as to which the date is January 31, 2020.

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (Notes 2D and 10)	\$ 341,190	\$ 62,575
Accounts receivable, net (Note 2G)	11,328,995	10,055,508
Contribution in-kind - rent receivable, current, net (Notes 2F, 2J and 4)	514,944	514,944
Prepaid expenses, deposits and other assets	412,087	407,577
Due from Foundation (Note 7)	<u>142,119</u>	<u>591,123</u>
Total current assets	12,739,335	11,631,727
Contribution in-kind - rent, non-current, net (Notes 2F, 2J and 4)	6,066,788	6,274,292
Property and equipment, net (Notes 2I, 4 and 5)	10,068,098	10,951,829
Beneficial interest in Foundation (Note 11)	<u>500,000</u>	<u>500,000</u>
TOTAL ASSETS	<u>\$ 29,374,221</u>	<u>\$ 29,357,848</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,942,621	\$ 4,191,567
Accrued salaries, vacation and benefits	1,779,003	1,929,946
Due to funding sources and deferred revenue (Note 2E)	2,059,177	2,837,540
Bank line of credit (Note 6)	2,423,024	1,323,024
Pension withdrawal liability, current (Note 8)	1,460,737	1,358,825
Debt, current - net (Note 6)	<u>525,170</u>	<u>539,916</u>
Total current liabilities	12,189,732	12,180,818
Pension withdrawal liability, noncurrent (Note 8)	253,893	1,714,630
Debt, noncurrent - net (Note 6)	<u>7,988,068</u>	<u>8,000,845</u>
TOTAL LIABILITIES	<u>20,431,693</u>	<u>21,896,293</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS (Note 2B)		
Net assets without donor restrictions:		
Net investment in property and equipment	1,554,860	2,411,068
Pension liability (Note 8)	(1,714,630)	(3,073,455)
Operations	<u>1,909,262</u>	<u>783,507</u>
Total net assets without donor restrictions	<u>1,749,492</u>	<u>121,120</u>
Net assets with donor restrictions (Note 12):		
Restricted for time and purpose	6,693,036	6,840,435
Restrictions perpetual in nature	<u>500,000</u>	<u>500,000</u>
Total net assets with donor restrictions	<u>7,193,036</u>	<u>7,340,435</u>
TOTAL NET ASSETS	<u>8,942,528</u>	<u>7,461,555</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,374,221</u>	<u>\$ 29,357,848</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, 2019 AND 2018**

	For the Year Ended June 30, 2019			For the Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018	Without Donor Restrictions	With Donor Restrictions
REVENUE AND SUPPORT:						
Revenue						
Government contracts and grants (Note 2E)	\$ 32,638,599	\$ -	\$ 32,638,599	\$ 34,770,226	\$ 34,770,226	\$ -
Contracts with non-governmental entities	1,991,095	-	1,991,095	1,707,741	1,707,741	-
Medicaid (Note 2E)	19,161,427	-	19,161,427	19,122,202	19,122,202	-
Private and insurance fees	6,056,687	-	6,056,687	5,531,195	5,531,195	-
Support						
Donated services and facilities (Notes 2F, 2J, 3 and 7)	552,788	307,440	860,228	1,017,834	700,701	317,133
Management fees from related party (Note 7)	297,444	-	297,444	346,022	346,022	-
Other	75,897	-	75,897	173,810	173,810	-
Other grants (Note 7)	879,166	79,034	958,200	804,723	662,168	142,555
Net assets released from restrictions (Note 2B)	533,873	(533,873)	-	-	727,686	(727,686)
TOTAL REVENUE AND SUPPORT	62,186,976	(147,399)	62,039,577	63,473,753	63,741,751	(267,998)
EXPENSES (Note 2H):						
Program services:						
Care Management	3,700,020	-	3,700,020	4,408,098	4,408,098	-
Crisis Response	1,081,031	-	1,081,031	1,198,647	1,198,647	-
Early Childhood	11,847,691	-	11,847,691	11,873,280	11,873,280	-
Education/ School Based Programs	8,256,622	-	8,256,622	10,552,308	10,552,308	-
Out of Home Placement	13,084,341	-	13,084,341	13,752,276	13,752,276	-
Outpatient	11,622,311	-	11,622,311	11,592,631	11,592,631	-
Placement Prevention	2,987,849	-	2,987,849	1,928,640	1,928,640	-
Total program services	52,579,865	-	52,579,865	55,305,880	55,305,880	-
Support services:						
Management and administration	7,763,654	-	7,763,654	6,787,688	6,787,688	-
Fundraising	215,085	-	215,085	186,989	186,989	-
Total support services	7,978,739	-	7,978,739	6,974,677	6,974,677	-
TOTAL EXPENSES (Note 2H)	60,558,604	-	60,558,604	62,280,557	62,280,557	-
CHANGE IN NET ASSETS	1,628,372	(147,399)	1,480,973	1,193,196	1,461,194	(267,998)
Net assets (deficit) - beginning of year	121,120	7,340,435	7,461,555	6,268,359	(1,340,074)	7,608,433
NET ASSETS - END OF YEAR	\$ 1,749,492	\$ 7,193,036	\$ 8,942,528	\$ 7,461,555	\$ 121,120	\$ 7,340,435

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for 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 2019	Total 2018
Salaries and related expenses:												
Salaries	\$ 2,297,335	\$ 704,066	\$ 6,570,924	\$ 5,208,652	\$ 6,564,806	\$ 7,744,112	\$ 1,976,045	\$ 31,065,940	\$ 60,685	\$ 3,955,617	\$ 35,082,242	\$ 35,950,696
Employee health and retirement benefits (Note 8)	597,100	134,694	1,498,066	1,191,131	1,445,485	1,412,418	405,526	6,684,420	13,073	859,822	7,557,315	7,428,695
Payroll taxes and other benefits	229,491	69,319	667,324	523,803	641,820	783,458	194,318	3,109,533	5,750	209,196	3,324,479	3,696,612
Total salaries and related expenses	3,123,926	908,079	8,736,314	6,923,586	8,652,111	9,939,988	2,575,889	40,859,893	79,508	5,024,635	45,964,036	47,076,003
Professional services	48,591	6,227	603,384	356,061	877,419	647,148	87,350	2,626,180	500	717,354	3,344,034	3,861,489
Supplies	15,539	4,202	272,547	54,339	345,983	63,937	14,314	770,861	-	47,968	818,829	1,096,705
Telephone	58,355	41,472	105,558	27,742	107,812	218,745	48,363	608,047	-	955,133	1,563,180	1,130,594
Occupancy (Notes 6, 7 and 9)	131,826	73,176	351,849	301,866	300,592	306,874	82,192	1,548,375	-	106,619	1,654,994	1,717,327
Travel & related expenses	81,134	18,323	109,127	22,873	106,056	62,850	79,028	479,391	-	105,572	584,963	597,603
Training & conferences	7,454	5,663	87,484	20,236	46,343	55,897	17,019	240,096	-	79,808	319,904	322,284
Specific assistance	94,909	31	1,924	61	19,258	1,864	6,719	124,766	1,188	-	125,954	140,568
Foster boarding home	-	-	-	-	1,034,464	-	-	1,034,464	-	-	1,034,464	1,092,953
Children's activities	227	251	44,963	12,236	52,846	188	3,006	113,717	3,653	-	117,370	98,208
Insurance	48,771	13,678	146,259	105,852	161,722	155,028	38,939	670,249	-	-	670,249	718,068
Food	64	740	302,803	11,455	215,086	132	291	530,571	-	6,253	536,824	560,415
Furniture and equipment	35,381	1,412	90,025	71,936	80,793	59,282	7,981	346,810	-	50,773	397,583	390,474
Grant expense	-	-	-	-	-	-	-	-	23,412	-	23,412	42,576
Interest (Note 6)	-	-	-	61,735	399,950	-	-	461,685	-	152,056	613,741	580,884
Depreciation and amortization (Note 5)	8,386	3,696	178,042	126,201	523,621	34,817	10,303	885,066	104,018	105,220	1,094,304	1,181,357
Donated services and facilities (Note 2F)	11,140	3,123	786,135	115,004	108,022	35,413	8,896	1,067,733	-	-	1,067,733	1,215,640
Miscellaneous	34,317	958	31,277	45,439	52,263	40,148	7,559	211,961	2,806	412,263	627,030	457,409
Total expenses	\$ 3,700,020	\$ 1,081,031	\$ 11,847,691	\$ 8,256,622	\$ 13,084,341	\$ 11,622,311	\$ 2,987,849	\$ 52,579,865	\$ 215,085	\$ 7,763,654	\$ 60,558,604	\$ 62,280,557

ASTOR SERVICES FOR CHILDREN & FAMILIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	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
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
Employee health and retirement benefits (Note 8)	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
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
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
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
Supplies	23,960	4,067	356,985	107,056	473,405	69,773	9,358	1,044,604	-	52,101	1,096,705
Telephone	53,525	34,829	(22,344)	(15,082)	38,532	241,957	24,865	356,282	17,508	756,804	1,130,594
Occupancy (Notes 6, 7 and 9)	172,368	73,450	326,685	406,480	321,270	283,845	41,836	1,625,934	14,607	76,786	1,717,327
Travel & related expenses	114,051	29,372	102,449	23,009	121,036	55,542	49,455	494,914	-	102,689	597,603
Training & conferences	8,386	8,435	70,068	26,240	56,841	77,686	7,597	255,253	4,297	62,734	322,284
Specific assistance	119,604	-	3,711	26	9,685	15	7,527	140,568	-	-	140,568
Foster boarding home	-	-	-	-	1,092,953	-	-	1,092,953	-	-	1,092,953
Children's activities	787	453	20,906	17,008	54,034	233	1,067	94,488	3,720	-	98,208
Insurance	58,490	15,362	147,330	138,824	174,037	157,710	26,315	718,068	-	-	718,068
Food	-	346	264,933	52,691	233,729	137	-	551,836	-	8,579	560,415
Furniture and equipment	34,679	4,616	87,756	80,343	75,857	58,025	4,108	345,384	-	45,090	390,474
Grant expense	-	-	4,360	-	-	-	-	4,360	38,216	-	42,576
Interest (Note 6)	-	-	-	72,442	421,348	-	-	493,790	-	87,094	580,884
Depreciation and amortization (Note 5)	8,289	4,021	189,047	126,127	523,907	37,257	10,275	898,923	98,453	183,981	1,181,357
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
Miscellaneous	34,776	1,427	19,675	47,579	41,582	57,298	6,967	209,304	3,288	244,817	457,409
Total expenses	<u>\$ 4,408,098</u>	<u>\$ 1,198,647</u>	<u>\$ 11,873,280</u>	<u>\$ 10,552,308</u>	<u>\$ 13,752,276</u>	<u>\$ 11,592,631</u>	<u>\$ 1,928,640</u>	<u>\$ 55,305,880</u>	<u>\$ 186,989</u>	<u>\$ 6,787,688</u>	<u>\$ 62,280,557</u>

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,480,973	\$ 1,193,196
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,094,304	1,181,357
Reduction of contribution in-kind - rent receivable	514,944	514,944
Amortization of deferred financing costs	13,431	13,431
Amortization of discount on contribution in-kind receivable	<u>(307,440)</u>	<u>(317,133)</u>
Subtotal	2,796,212	2,585,795
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(1,273,487)	(410,192)
Prepaid expenses, deposits and other assets	(4,510)	(145,953)
Due from the Foundation	449,004	(346,034)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(248,946)	989,930
Accrued salaries, vacation and benefits	(150,943)	49,945
Due to funding sources and deferred revenue	(778,363)	(729,928)
Pension withdrawal liability	<u>(1,358,825)</u>	<u>(1,264,024)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(569,858)</u>	<u>729,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(210,573)</u>	<u>(369,161)</u>
Net Cash Used in Investing Activities	<u>(210,573)</u>	<u>(369,161)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of debt	(40,954)	(505,064)
Principal payments of line of credit	<u>1,100,000</u>	<u>(125,000)</u>
Net Cash Provided by (Used in) Financing Activities	<u>1,059,046</u>	<u>(630,064)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	278,615	(269,686)
Cash and cash equivalents - beginning of year	<u>62,575</u>	<u>332,261</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 341,190</u>	<u>\$ 62,575</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 600,310</u>	<u>\$ 567,453</u>

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

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 childcare 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:
 - Net Assets Without Donor Restrictions – 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, 2019 AND 2018

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Net Assets With Donor Restrictions – Astor reports contributions of cash and other assets as net assets without donor restrictions support unless they are received with donor stipulations that limit the use of the donated asset; such assets are considered net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions. In addition, net assets with donor restrictions represent those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity by Astor. Astor has net assets with permanent donor restrictions of \$500,000 as of June 30, 2019 and 2018.
- 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% and 85% of Astor's revenues without donor restrictions were provided by Medicaid reimbursement and government contracts and grants during each of the years ended June 30, 2019 and 2018, respectively.

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, 2019 and 2018 was approximately \$552,000 and \$918,000, 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, 2019 and 2018, Astor recognized estimated increases of \$94,695 and \$249,477, 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, 2019 AND 2018

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 4.
- G. As of June 30, 2019 and 2018, 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. The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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. Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, "Not-for-Profit Entities" was adopted for the year ended June 30, 2019. ASU 2016-14 provides for a number of changes, including the presentation of two classes of net assets, a statement of functional expenses, enhanced disclosure on liquid resources and expense allocation methodologies. These changes had no impact on the change in net assets for the year ended June 30, 2019. Net assets as of June 30, 2018 were renamed to conform to the new presentation.
- M. Certain line items in the June 30, 2019 financial statements have been reclassified to conform to the June 30, 2018 presentation.

NOTE 3 — LIQUIDITY AND AVAILABILITY OF RESOURCES

Astor regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Astor has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Astor considers all expenditures related to its ongoing activities of care management, crisis response, early childhood, education, out of home placement, outpatient, and placement prevention services as well as the conduct of services undertaken to support those activities to be general expenditures.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 — LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, Astor operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In the event of an unanticipated liquidity need, Astor could also draw upon \$4,000,000 of its available line of credit of which \$1,576,976 is available as of June 30, 2019. See Note 6.

As of June 30, 2019, the following financial assets could readily be made available immediately from the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 341,190
Accounts receivable, net	11,328,995
Accounts receivable, net	<u>142,119</u>
Total financial assets	11,812,304
Less: endowment investments	<u>(500,000)</u>
	<u>\$ 11,312,304</u>

NOTE 4—CONTRIBUTION IN-KIND RECEIVABLE

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

	<u>2019</u>	<u>2018</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>7,209,216</u>	<u>7,724,160</u>
	9,783,936	10,298,880
Less: Unamortized discount to present value	<u>(3,202,204)</u>	<u>(3,509,644)</u>
	<u>\$ 6,581,732</u>	<u>\$ 6,789,236</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 \$307,440 and \$317,133 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5—PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Land	\$ 117,993	\$ 117,993	-
Buildings	16,289,862	16,289,862	40 years
Furniture and equipment	2,688,269	2,644,673	3-10 years
Leasehold improvements	4,686,476	4,538,962	Lease term
Construction in progress (see below)	<u>132,295</u>	<u>112,832</u>	-
Total cost	23,914,895	23,704,322	
Accumulated depreciation and amortization	<u>(13,846,797)</u>	<u>(12,752,493)</u>	
Net book value	<u>\$ 10,068,098</u>	<u>\$ 10,951,829</u>	

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5—PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 amounted to \$1,094,304 and \$1,181,357, respectively. During the years ended June 30, 2019 and 2018, Astor wrote-off fully depreciated/amortized property and equipment amounting to \$0 and \$4,890,594 respectively. This write-off reflected such equipment and leasehold improvements no longer in service.

As of June 30, 2019, 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. Astor is in discussions with various third parties regarding funding and/or financing these costs.

NOTE 6—DEBT

Debt consists of the following as of June 30:

	<u>2019</u>	<u>2018</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.	\$ 15,442	\$ 72,808
Note payable to a bank, due May 2024, payable in monthly installments of \$9,309 (principal and interest). The interest rate is fixed at 4.38%; collateralized by certain property and equipment.	492,494	-
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.	994,247	1,142,229
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>7,058,216</u>	<u>7,386,316</u>
Total Debt	8,560,399	8,601,353
Less: Unamortized debt issue costs	(47,161)	(60,592)
Less: Current portion	<u>(525,170)</u>	<u>(539,916)</u>
Debt, net of current portion	<u>\$ 7,988,068</u>	<u>\$ 8,000,845</u>

Future principal payments for the fiscal years subsequent to June 30, 2019 are as follows:

2020	\$ 525,170
2021	633,956
2022	668,365
2023	704,652
2024	733,524
Thereafter (expiring January 2033)	<u>5,294,732</u>
	<u>\$ 8,560,399</u>

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6—DEBT (Continued)

Astor has a line of credit with a bank capped at \$4,000,000, of which \$2,423,024 and \$1,323,024 was outstanding as of June 30, 2019 and 2018, respectively. The line of credit is secured by Astor's receivables and carries interest at the overnight LIBOR rate plus a spread of 225 basis points, adjusting daily (amounting to an interest rate of 5.40% and 5.09% as of June 30, 2019 and 2018, respectively). The line is payable on demand. As of January 24, 2020, there was \$3,173,024 borrowed.

As of June 30, 2019, \$8,560,399 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 obligation. Astor must comply with certain administrative and financial covenants, which it has done.

Interest expense related to debt for the years ended June 30, 2019 and 2018 amounted to \$613,741 and \$580,884, respectively.

NOTE 7—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, 2019 and 2018. See Note 4.

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 \$0 and \$5,400 for the years ended June 30, 2019 and 2018, respectively. Astor charges the Foundation for certain administrative expenses incurred, which amounted to \$297,444 and \$346,022 for the years ended June 30, 2019 and 2018, respectively. Such amounts are included in other support in the accompanying statements of activities. Astor has a receivable from the Foundation amounting to \$142,119 and \$591,123 as of June 30, 2019 and 2018, respectively. For the years ended June 30, 2019 and 2018, the Foundation contributed \$0 and \$40,000 to Astor, which is reflected as a 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, 2019 and 2018, the insurance brokerage commissions paid to the Board member's firm amounted to \$304,254 and \$307,519, 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, 2019 and 2018, Astor paid legal fees to the Board member's law firm amounting to \$2,570 and \$4,360, 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.

NOTE 8—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, 2019 and 2018, the accrued pension withdrawal liability for the Plan was \$1,714,630 and \$3,073,455, respectively. Payments made by Astor to reduce the liability amounted to \$1,358,825 and \$1,264,024 for the years ended June 30, 2019 and 2018, respectively.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8—RETIREMENT PLANS (Continued)

Future payments for the years subsequent to June 30, 2019 are as follows:

2020	\$ 1,460,737
2021	<u>253,893</u>
	<u>\$ 1,714,630</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, 2019 and 2018 amounted to \$1,466,790 and \$1,479,916, respectively.

NOTE 9—COMMITMENTS AND CONTINGENCIES

- A. Astor has operating lease commitments for certain facilities, vehicles and equipment expiring on various dates through 2023. Aggregate minimum rentals for the fiscal years ending after June 30, 2019 are as follows:

	<u>Facilities</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 298,887	\$ 230,829	\$ 151,829	\$ 681,545
2021	-	127,042	67,813	194,855
2022	-	76,789	63,765	140,554
2023	<u>-</u>	<u>47,054</u>	<u>-</u>	<u>47,054</u>
	<u>\$ 298,887</u>	<u>\$ 481,714</u>	<u>\$ 283,407</u>	<u>\$ 1,064,008</u>

Rent expense for the facilities, vehicles and equipment amounted to \$906,924, \$276,956 and \$264,593, respectively for the year ended June 30, 2019 and \$967,917, \$288,797 and \$253,164, respectively for the year ended June 30, 2018.

- 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, 2019 and 2018 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.

NOTE 10—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 Corporation ("FDIC") insurance limits of \$250,000 per depositor. Such amounts are at one bank and amount to approximately \$618,000 and \$406,000 as of June 30, 2019 and 2018, 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.

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11—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 net assets with donor restrictions.

NOTE 12— NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of June 30:

	<u>2019</u>	<u>2018</u>
Contribution in kind rent (see Note 4 for details)	\$ 6,581,732	\$ 6,789,236
Perpetual in nature	500,000	500,000
Purpose and time restricted	<u>111,304</u>	<u>51,199</u>
	<u>\$ 7,193,036</u>	<u>\$ 7,340,435</u>

Net assets were released from donor restrictions during the years ended June 30, 2019 and 2018, 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 January 24, 2020, 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, 2019**

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		<u>\$ 7,524,763</u>	<u>\$ -</u>
Block Grant for Community Mental Health Services (Passed-through from the New York City Department of Health and Mental Hygiene)	93.958	097	<u>164,988</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>7,689,751</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>365,070</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>365,070</u>	<u>-</u>
Amounts Provided to Subrecipients				<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,054,821</u>	

ASTOR SERVICES FOR CHILDREN & FAMILIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Astor Services for Children & Families ("Astor") under programs of the federal government for the year ended June 30, 2019. 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, 2019 and 2018, 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 January 24, 2020.

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
January 24, 2020



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, 2019. 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, 2019.

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.



New York, NY
January 31, 2020

**ASTOR SERVICES FOR CHILDREN & FAMILIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019**

There were no prior year audit findings.

**ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER: CT106820160001591
SCHEDULE OF REVENUES
AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019**

		<u>FINAL APPROVED BUDGET</u>	<u>AGENCY ACTUAL AMOUNTS</u>	<u>VARIANCE</u>	<u>QUESTIONED COSTS</u>
<u>REVENUES:</u>					
Annual		\$ 868,973	\$ 870,965	\$ (1,992)	\$ -
	TOTAL REVENUES	<u>868,973</u>	<u>870,965</u>	<u>(1,992)</u>	<u>-</u>
<u>EXPENDITURES</u>					
Salary		563,614	524,375	39,239	-
Fringes		146,484	156,354	(9,870)	9,870
	Fringe Percentage	26%	30%	-4%	
	TOTAL PS EXPENDITURES	<u>710,098</u>	<u>680,729</u>	<u>29,369</u>	<u>9,870</u>
<u>OTPS EXPENDITURES</u>					
Rent		3,222	797	2,425	-
Other		76,654	69,966	6,689	-
	TOTAL OTPS EXPENDITURES	<u>79,876</u>	<u>70,763</u>	<u>9,113</u>	<u>-</u>
	TOTAL PS AND OTPS EXPENDITURES	<u>789,974</u>	<u>751,492</u>	<u>38,482</u>	<u>9,870</u>
<u>ADMINISTRATIVE OVERHEAD</u>					
		78,998	119,551	(40,553)	40,553
Total Expenditures		<u>868,972</u>	<u>871,043</u>	<u>(2,071)</u>	<u>2,071</u>
	Overhead Percentage	10%	16%	-6%	
(Less) Questioned Costs					
	TOTAL ALLOWABLE COSTS	<u>868,972</u>	<u>871,043</u>	<u>(2,071)</u>	<u>2,071</u>
(Deficiency)/Excess of Revenue Over Expense		<u>\$ 1</u>	<u>\$ (78)</u>	<u>\$ 79</u>	<u>\$ (2,071)</u>

**ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER: CT106820160001591
SCHEDULE OF SALARIES
FOR THE YEAR ENDED JUNE 30, 2019**

Employee Identification			Original			Total		
<u>Code</u>	<u>Title</u>	<u>FTE</u>	<u>Budgeted Salary</u>	<u>Salary Increase</u>	<u>Career Ladder</u>	<u>Budgeted Salaries</u>	<u>Salary Paid</u>	<u>Variance</u>
14174	Program Director	1.00	\$ 89,963	\$ -	\$ -	\$ 89,963	\$ 75,352	\$ 14,611
14261	Supervisor	1.00	64,641	-	-	64,641	60,582	4,059
14398/14527	Case Planner	1.00	53,485	-	-	53,485	29,554	23,931
10079	Case Planner	1.00	60,730	-	-	60,730	60,133	597
301	Case Planner	1.00	40,000	-	-	40,000	41,088	(1,088)
12988	Case Planner	1.00	40,535	-	-	40,535	40,260	275
13590/14258	Case Planner	1.00	38,366	-	-	38,366	33,675	4,691
13079	Compliance Associate	1.00	57,733	-	-	57,733	49,926	7,807
11280	Building Custodian	0.10	4,234	-	-	4,234	4,741	(507)
11961	Administrative Coordinator	0.05	2,455	-	-	2,455	2,540	(85)
13243	Customer Service Rep	0.05	2,216	-	-	2,216	5,196	(2,980)
10034	Assistant Executive Director	0.05	7,265	-	-	7,265	7,763	(498)
102	IT Technician	0.03	1,631	-	-	1,631	-	1,631
	Operations Technician	0.05	2,360	-	-	2,360	-	2,360
13951	Supervisor/FTC Facilitator	1.00	62,000	-	-	62,000	60,390	1,610
10657	Case Aide	1.00	36,000	-	-	36,000	53,175	(17,175)
TOTAL		10.33	\$ 563,614	\$ -	\$ -	\$ 563,614	\$ 524,375	\$ 39,239

Total FTE of Case Planners	5.00
Total FTE of Supervisors	1.00
Supervisory Ratio:	0.2
Total FTE of QA/QI on staff	1.00
Total FTE of Case Aids	1.00

**ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER: CT106820160001591
SCHEDULE OF FRINGE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Description</u>	<u>Final Approved Budgeted</u>	<u>Actual</u>	<u>Actual Fringe % of Total Salary Cost</u>	<u>Variance</u>
FICA	\$ 42,835	\$ 38,449	7%	\$ 4,386
Health	35,678	58,862	11%	(23,184)
Workers' Compensation	11,272	10,506	2%	766
Unemployment	5,636	-	0%	5,636
Retirement/Pension	48,809	44,130	8%	4,679
Disability	2,254	1,557	0%	697
Other - Dental	-	1,360	0%	(1,360)
Other - MTA	-	1,490	0%	(1,490)
TOTAL	<u>\$ 146,484</u>	<u>\$ 156,354</u>	<u>30%</u>	<u>\$ (9,870)</u>

**ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER: CT106820160001591
SCHEDULE OF FIXED ASSETS INVENTORY
AS OF JUNE 30, 2019**

Current Year Purchases purchased between 7/1/18 to 6/30/19:

Description	Quantity	Serial # or Asset Tag #	Date Purchased or Acquired	Condition	Date Sold or Disposed	Total Cost	% Allocated to the CT
NONE							0%
							0%
							0%
							0%

Prior Years Purchases from the beginning of the contract purchased between 7/1/17 to 6/30/18:

Description	Quantity	Serial # or Asset Tag #	Date Purchased or Acquired	Condition	Date Sold or Disposed	Total Cost	% Allocated to the CT
NONE							0%
							0%
							0%
							0%

Notes:

Condition Description

1 NEW/UNUSED - Property that is in new condition or unused condition and can be used immediately without modification or repairs.

4 USED - Property which shows some wear but can be used without significant repair.

7 Repairable - Property which is unusable in its current condition but can be economically repaired.

X Salvage - Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and/or uneconomical.

S Scrap - Property which has no value except for its basic material content.

"CT" = contract

ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER: CT106820160001591
SCHEDULE OF QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Detailed Explanation of Questioned Costs</u>	<u>Questioned Costs</u>
	\$ -
TOTAL QUESTIONED COSTS	<u><u>\$ -</u></u>

**ASTOR SERVICES FOR CHILDREN & FAMILIES
GENERAL PREVENTIVE SERVICES
CONTRACT NUMBER: CT106820160001591
SCHEDULE OF QUANTITATIVE PROGRAM RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

QUANTIFIABLE INDICATORS

Number of open cases at beginning of period	34
Number of new cases during audit period	<u>48</u>
Number of cases serviced during audit period	82
Cases terminated	<u>51</u>
Cases open as of current year	31
Case to case worker ratio	16.4