

**The Committee for Hispanic Children and Families, Inc.**



**The Committee for Hispanic  
Children and Families, Inc.**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

**AND  
SINGLE AUDIT REPORTS AND SCHEDULE REQUIRED  
BY OFFICE OF MANAGEMENT AND BUDGET UNIFORM  
GUIDANCE**

**YEAR ENDED SEPTEMBER 30, 2018**

**MARKS PANETH**

ACCOUNTANTS & ADVISORS

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.

FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

AND  
AUDIT REPORTS AND SCHEDULE REQUIRED BY OFFICE OF  
MANAGEMENT AND BUDGET UNIFORM GUIDANCE

YEAR ENDED SEPTEMBER 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Committee for Hispanic Children and Families, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of The Committee for Hispanic Children and Families, Inc. ("CHCF"), which comprise the statements of financial position as of September 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Committee for Hispanic Children and Families, Inc. as of September 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 September 30, 2018, (shown on page 12) as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), is presented for purposes of additional analysis and is 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 audit 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 June 10, 2019, on our consideration of CHCF'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 CHCF's internal control over financial reporting and compliance.



New York, NY  
June 10, 2019

**MARKS PANETH**

ACCOUNTANTS & ADVISORS



**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 10)	\$ 916,581	\$ 661,158
Accounts receivable (Notes 2F, 2G and 3)	1,093,251	1,221,253
Prepaid expenses and other assets	65,535	94,155
Property and equipment, net (Notes 2D and 4)	7,098	6,029
Restricted deposits and reserves (Note 8)	199,957	168,327
Security deposits	<u>166,184</u>	<u>165,672</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,448,606</u>	<u>\$ 2,316,594</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 7)	\$ 167,855	\$ 200,171
Accrued salaries and vacation	83,457	67,458
Refundable advances (Note 2G)	89,886	80,541
Deferred rent (Note 2I)	<u>299,698</u>	<u>238,314</u>
<b>TOTAL LIABILITIES</b>	<u>640,896</u>	<u>586,484</u>
<b>COMMITMENTS AND CONTINGENCIES (Note 6)</b>		
<b>NET ASSETS (Note 2B)</b>		
Unrestricted :		
Operations	1,464,828	1,331,995
Board-designated (Note 8)	<u>199,957</u>	<u>168,327</u>
Total unrestricted	1,664,785	1,500,322
Temporarily restricted (Note 9)	<u>142,925</u>	<u>229,788</u>
<b>TOTAL NET ASSETS</b>	<u>1,807,710</u>	<u>1,730,110</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,448,606</u>	<u>\$ 2,316,594</u>

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	Year Ended September 30, 2018			Year Ended September 30, 2017		
	Unrestricted	Temporarily Restricted	Total 2018	Unrestricted	Temporarily Restricted	Total 2017
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Government grants (Note 2G)	\$ 3,445,376	\$ -	\$ 3,445,376	\$ 3,461,346	\$ -	\$ 3,461,346
Foundations, corporations and individual contributions (Note 2H)	56,228	153,750	209,978	82,107	322,462	404,569
Special events (net of direct expenses of \$114,024)	437,245	-	437,245	540,386	-	540,386
and \$103,319 for 2018 and 2017, respectively) (Note 2J)	258,769	-	258,769	205,572	-	205,572
Program service fees (Note 2G)	10,275	-	10,275	52,568	-	52,568
Other income	240,613	(240,613)	-	235,174	(235,174)	-
Net assets released from restrictions (Notes 2B and 9)	4,448,506	(86,863)	4,361,643	4,577,153	87,288	4,664,441
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>						
	3,376,348	-	3,376,348	3,552,099	-	3,552,099
<b>EXPENSES (Note 2K):</b>						
Program Services	600,460	-	600,460	672,234	-	672,234
Supporting Services:	307,235	-	307,235	316,034	-	316,034
Management and general Fundraising	907,695	-	907,695	988,268	-	988,268
Total supporting services	4,284,043	-	4,284,043	4,540,367	-	4,540,367
<b>TOTAL EXPENSES</b>						
	164,463	(86,863)	77,600	36,786	87,288	124,074
<b>CHANGE IN NET ASSETS</b>						
Net assets - beginning of year	1,500,322	229,788	1,730,110	1,463,536	142,500	1,606,036
<b>NET ASSETS - END OF YEAR</b>						
	\$ 1,664,785	\$ 142,925	\$ 1,807,710	\$ 1,500,322	\$ 229,788	\$ 1,730,110

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

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	For the Year Ended September 30, 2018				For the Year Ended September 30, 2018				For the Year Ended September 30, 2017			
	Program Services				Supporting Services				Supporting Services			
	Earlier Care	Youth Development	Policy	Program Services	Management and General	Fundraising	Total Support Services	Total 2018	Program Services	Management and General	Fundraising	Total Support Services
Salaries	\$ 895,725	\$ 1,020,503	\$ 64,471	\$ 1,981,659	\$ 70,345	\$ 184,454	\$ 254,900	\$ 2,235,499	\$ 1,904,850	\$ 61,337	\$ 58,463	\$ 119,800
Payroll taxes and employee benefits (1)	184,345	209,790	13,254	407,389	14,461	37,918	52,379	459,768	522,452	20,142	16,035	36,177
<b>Total Salaries and Related Cos</b>	<b>1,081,070</b>	<b>1,230,293</b>	<b>77,725</b>	<b>2,389,048</b>	<b>84,807</b>	<b>222,372</b>	<b>307,179</b>	<b>2,695,267</b>	<b>2,427,302</b>	<b>81,479</b>	<b>74,498</b>	<b>155,977</b>
Professional fees	106,467	57,897	732	165,096	332,108	50,372	382,480	547,576	305,977	421,951	134,922	556,873
Occupancy costs (Note 6)	261,873	94,553	7,835	364,261	73,072	13,178	80,250	422,511	332,607	70,804	44,348	115,152
Insurance	9,072	4,764	42	13,879	11,839	3,389	15,224	25,803	15,091	3,803	-	3,803
Equipment rental and maintenance	24,223	15,855	697	40,775	19,207	834	22,041	63,351	55,688	7,323	1,058	8,381
Telephone and internet	24,511	6,373	467	31,351	8,609	943	9,443	40,794	43,839	1,690	1,846	3,336
Office supplies	1,201	16,864	26	18,931	2,843	51	6,641	24,732	27,634	1,065	8,306	9,371
Conference and meetings	2,640	1,827	814	3,260	931	-	2,943	8,224	45,122	7,460	-	7,460
Travel	10,318	24,024	4,916	39,258	9,310	596	9,906	49,166	45,042	19,028	485	19,513
Program supplies	84,483	54,310	3,596	132,389	4	-	4	182,393	115,795	-	-	115,795
Staff development	16,355	19,117	0	35,472	2,010	-	2,010	37,482	25,305	6,282	-	6,282
Food	919	9,008	0	9,927	6,565	175	6,740	16,667	2,591	14,121	410	14,531
Grants	21,803	0	0	21,803	-	-	-	21,803	39,574	-	15,000	15,000
Bad debts (Note 2F)	5,000	0	31,248	36,248	-	-	-	36,248	28,333	-	20,525	20,525
Depreciation and amortization (Notes 2	-	-	-	-	3,278	-	3,278	3,278	12,493	-	-	12,493
Other expenses	9,575	8,247	5,606	23,427	39,918	14,403	54,321	77,748	29,706	37,228	14,836	52,064
<b>TOTAL EXPENSES</b>	<b>\$ 1,659,502</b>	<b>\$ 1,583,133</b>	<b>\$ 133,706</b>	<b>\$ 3,376,348</b>	<b>\$ 500,450</b>	<b>\$ 307,235</b>	<b>\$ 907,695</b>	<b>\$ 4,284,043</b>	<b>\$ 3,552,088</b>	<b>\$ 572,224</b>	<b>\$ 316,034</b>	<b>\$ 988,258</b>
												<b>\$ 4,540,357</b>

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

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 77,600	\$ 124,074
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,278	12,493
Bad debts	<u>36,248</u>	<u>48,858</u>
Subtotal	117,126	185,425
Changes in operating assets and liabilities:		
(Increase) Decrease in assets:		
Contract receivable	91,754	(23,903)
Prepaid expenses and other assets	28,620	5,749
Restricted deposits	(31,630)	11,823
Security deposits	(512)	(328)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(32,316)	44,073
Accrued salaries and vacation	15,999	3,818
Deferred rent	61,384	64,557
Refundable advances	<u>9,345</u>	<u>(75,870)</u>
Net Cash Provided by Operating Activities	<u>259,770</u>	<u>215,344</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(4,347)</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(4,347)</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	255,423	215,344
Cash and cash equivalents - beginning of year	<u>661,158</u>	<u>445,814</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 916,581</u>	<u>\$ 661,158</u>

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



THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The Committee for Hispanic Children and Families, Inc. ("CHCF") is a not-for-profit organization incorporated in the State of New York. CHCF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions at the state and local level.

CHCF was founded in 1982 and has been dedicated to combining education and advocacy to expand opportunities for children and families and strengthen the voice of the Latino community. Believing that the most effective way to support Latino families is by building upon their existing strengths and fostering self-sufficiency, CHCF provides a number of programs and services to the community through Youth Development programs and an Early Care & Education Institute. Our policy work, grounded in our direct services, amplifies the voice of our communities on the local, state and national policy levels around issues of child welfare, early care, education, juvenile justice, and well-being of Latino children. Through our programs and policy work, CHCF is creating a shared prosperity for all Americans.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. ***Basis of Accounting and Use of Estimates*** - CHCF's financial statements are prepared on the accrual basis of accounting. CHCF adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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 disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.
- B. ***Basis of Net Assets Presentation*** – CHCF maintains its net assets under the following classes:
- Unrestricted - This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of CHCF's operations over which the Board of Directors has discretionary control.
- Temporarily Restricted - This represents net assets subject to donor-imposed stipulations that will be met by actions of CHCF or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
- Permanently Restricted - This represents net assets subject to donor-imposed stipulations that they be maintained permanently by CHCF. Generally, the donors of these assets permit CHCF to use all or part of the income earned for unrestricted or donor-specified purposes. As of September 30, 2018 and 2017, there were no permanently restricted net assets.
- C. ***Cash and Cash Equivalents*** – CHCF considers highly liquid debt instruments with maturities of three months or less, when acquired, to be cash and cash equivalents.
- D. ***Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. 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. Property and equipment is capitalized by CHCF provided its cost is \$5,000 or more and a useful life of at least two years.
- E. ***Donated Goods and Services*** – Donated goods and other non-cash items are recorded as contributions at fair value at the time of receipt. Donated services are reported as contributions when the services create or enhance nonfinancial assets, would be purchased if they had not been provided by contribution, require specialized skills and are provided by individuals possessing those skills. CHCF records these contributions in the accompanying financial statements as support and expenses at the estimated value of the donated goods and services.
- F. ***Allowance for Uncollectible Receivables*** - CHCF determines whether an allowance for uncollectibles should be provided for contracts receivable. Such estimates are based on management's assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of funders and customers and historical information. As of September 30, 2018 and 2017, CHCF determined that no allowance for uncollectibles was necessary. For the years ended September 30, 2018 and 2017, CHCF wrote off \$36,248 and \$48,858, respectively, of prior year's accounts receivable which were deemed uncollectible.



THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- G. ***Revenue Sources and Recognition*** – Revenue from cost reimbursement-based government contracts is recognized when reimbursable costs are incurred under the terms of the contracts. Revenue from performance-based government contracts is recognized when performance objectives pursuant to the contract have been accomplished. Funds are received in either predetermined installments or in increments based on estimated or actual expenditures for the period. Accordingly, grant income under these awards is recognized in amounts equal to actual expenditures incurred. Contract payments received in advance of the qualified cost or performance are accounted for as refundable advances.

CHCF receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies; primarily New York State Office of Children and Family Services ("OCFS") and other New York City and New York State funding agencies.

Revenue from CHCF's fees for service program is recognized when earned.

- H. ***Contributions*** - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. CHCF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
- I. ***Deferred Rent*** - CHCF leases real property under an operating lease expiring on April 30, 2026 (see Note 6A) and the lease agreement contains scheduled future rent increases. U.S. GAAP requires that long-term leases, with scheduled rent increases, be accounted for by accelerating the impact of the future increases into the current periods, thereby smoothing the effects of the future increases in costs. This accounting treatment is commonly referred to as "straight-lining of rent". The difference between rent expense, under this method, and the lower rental amounts actually paid to the landlord is reported as a "deferred rent" obligation in the accompanying statements of financial position. The change in the deferred rent liability is reflected as an operating item in the accompanying statements of activities. As of September 30, 2018 and 2017, CHCF recorded an adjustment to rent expense to reflect its straight-line policy that amounted to approximately \$61,000 and \$65,000, respectively, as a decrease in expense.
- J. ***Special Events Direct Costs*** – The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.
- K. ***Functional Allocation of Expenses*** - The costs of providing program and supporting services of CHCF have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain expenses have been allocated among the program and supporting services benefited.

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018 AND 2017**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following as of September 30:

	<u>2018</u>	<u>2017</u>
NYS Office of Children & Family Services	\$ 540,580	\$ 614,299
NYS Department of Health	-	175,103
United Federation of Teachers	197,286	86,452
NYC Department of Youth and Community Development	164,454	95,282
NYC Department of Education	156,290	76,784
NYC Council	-	55,000
Meringoff Family Foundation	-	50,000
Mayor's Fund Advance NYC	-	28,810
Schindler Elevator Corporation	-	6,000
Platinum Maintenance	-	5,000
Nielson Media Research	-	5,000
Colgate Palmolive	-	5,000
Office of Safety and Youth Development	-	5,000
Human Resources Administration	10,586	-
Anvil Mechanical, Inc.	10,000	-
Action Serving the East Coast	5,000	-
ASA Consulting	5,000	-
Receivables < \$5,000	4,055	13,523
	<u>\$ 1,093,251</u>	<u>\$ 1,221,253</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

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

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Computer and office equipment	\$ 449,345	\$ 449,345	5 years
Furniture and fixtures	63,725	63,725	5-7 years
Leasehold improvements	<u>208,943</u>	<u>204,596</u>	9 years
Total cost	722,013	717,666	
Less: accumulated depreciation and amortization	<u>(714,915)</u>	<u>(711,637)</u>	
Net book value	<u>\$ 7,098</u>	<u>\$ 6,029</u>	

Depreciation and amortization expense amounted to \$3,278 and \$12,493 for the years ended September 30, 2018 and 2017, respectively.

**NOTE 5 – BANK LINE OF CREDIT**

CHCF has a revolving line of credit, with a bank, up to a maximum of \$300,000 which is due on demand. The line is secured by all of CHCF's assets and carries interest at The Wall Street Journal Prime Rate (amounting to an interest rate of 5.25% and 4.25% as of September 30, 2018 and 2017, respectively.) As of September 30, 2018 and June 10, 2019, no amounts were outstanding.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

A. Pursuant to CHCF's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of CHCF involving transactions relating to these contracts.



**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018 AND 2017**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)**

- B. CHCF rents office space in New York, under a noncancelable lease expiring on April 30, 2026. The minimum annual rental payments for the years ending after September 30, 2018 are as follows:

2019	\$ 403,195
2020	412,267
2021	460,108
2022	470,460
2023	481,046
Thereafter	<u>1,251,931</u>
	<u>\$ 3,479,007</u>

Rent expense amounted to \$423,577 and \$420,513 for the years ended September 30, 2018 and 2017, respectively.

- C. CHCF believes it has no uncertain tax positions as of September 30, 2018 and 2017 in accordance with Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying tax provisions for uncertain tax provisions.

**NOTE 7 – PENSION PLAN**

CHCF maintains a pension plan ("Plan") under the Internal Revenue Code Section 403(b) covering all eligible employees after attaining 21 years of age and one year of service (1,000 hours of service). Employee contributions are voluntary and are made on a pre-tax basis. Employer contributions to the Plan are discretionary. For the years ended September 30, 2018 and 2017, CHCF made a matching contribution of 100% of the employee's elective deferral up to 2% and 3%, respectively, of the employee's compensation. Pension expense for the years ended September 30, 2018 and 2017 amounted to \$4,950 and \$11,677, respectively. As of September 30, 2018 and 2017, CHCF had a payable pertaining to the Plan amounting to \$11,007 and \$18,053, respectively. Such amounts are included in accounts payable and accrued expenses in the accompanying financial statements.

**NOTE 8 – RESTRICTED DEPOSITS AND RESERVES**

As of September 30, 2018 and 2017, restricted deposits and reserves consist primarily of cash in banks reserved by the Board of CHCF and to fund CHCF's state unemployment insurance expenses.

**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
Purpose restricted (all programs)	\$ 142,925	\$ 179,788
Time restricted	<u>-</u>	<u>50,000</u>
	<u>\$ 142,925</u>	<u>\$ 229,788</u>

For the years ended September 30, 2018 and 2017, temporarily restricted net assets released from donor restrictions due to expenses incurred satisfying the restricted purposes or by, through, the occurrence of other events specified by donors amounted to \$240,613 and \$235,174, respectively.

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018 AND 2017**

**NOTE 10 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject CHCF to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of September 30, 2018 and 2017, there was approximately \$338,000 and \$773,000, respectively, of cash that exceeded FDIC limits.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the statement of financial position through June 10, 2019, the date the financial statements were available to be issued.

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program or Cluster</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
<b><u>Corporation for National and Community Service</u></b>				
Social Innovation Fund				
Passed through from the Mayor's Fund to Advance New York City	94.019	15SIHNY001	\$ 55,105	\$ -
Total Corporation for National and Community Service			<u>55,105</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
Affordable Care Act (ACA) Abstinence Educational Program				
Passed-through from NYS Department of Health Successfully Transitioning Youth to Adolescence	93.235	C028571	161,263	-
Child Care and Development Block Grant: (CCDF Cluster)				
Passed-through from NYS Office of Children and Family Services - Child Care Resource and Referral	93.575	C024060	1,267,333	-
Passed-through from NYS Office of Children and Family Services - Infant and Toddler	93.575	C027896	74,729	-
Total CCDF Cluster			<u>1,342,062</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,503,325</u>	<u>-</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,558,430</u></b>	<b><u>\$ -</u></b>



**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Committee for Hispanic Children and Families, Inc. ("CHCF") for the year ended September 30, 2018. The information in the 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 select portion of the operations of CHCF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CHCF.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 – INDIRECT COST RATES**

CHCF 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 of  
The Committee for Hispanic Children and Families, Inc.

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 The Committee for Hispanic Children and Families, Inc. ("CHCF") which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2019

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CHCF'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 CHCF's internal control. Accordingly, we do not express an opinion on the effectiveness of CHCF'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 audit 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 CHCF'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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CHCF's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CHCF's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marks Paneth LLP*

New York, NY  
June 10, 2019



**Morison KSI**  
independent member

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**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 of  
The Committee for Hispanic Children and Families, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited The Committee for Hispanic Children and Families, Inc.'s ("CHCF") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget* ("OMB") *Compliance Supplement* that could have a direct and material effect on each of CHCF's major federal programs for the year ended September 30, 2018. CHCF'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 each of CHCF's major federal programs 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 ("GAS"), 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about CHCF'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 CHCF's compliance.

**Opinion on Each Major Federal Program**

In our opinion, CHCF 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 September 30, 2018.

**Report on Internal Control Over Compliance**

Management of CHCF 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 CHCF's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 CHCF'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.

#### **Purpose of this Report**

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  
June 10, 2019

**MARKS PANETH**

ACCOUNTANTS & ADVISORS

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Section I—Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

       Yes        X   No

Significant deficiencies identified not considered  
to be material weaknesses?

       Yes        X   None Reported

Noncompliance material to financial statements noted?

       Yes        X   No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?

       Yes        X   No

Significant deficiencies identified not considered  
to be material weaknesses?

       Yes        X   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 the Uniform Guidance?

       Yes        X   No

Identification of major program:

U.S. Department of Health and Human Services

- Child Care and Development Block Grant (CFDA# 93.575)

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.

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Prior Year Findings:**

No matters were reported.