

The Committee for Hispanic Children and Families, Inc.



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

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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

YEAR ENDED SEPTEMBER 30, 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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

YEAR ENDED SEPTEMBER 30, 2019

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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, 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 The Committee for Hispanic Children and Families, Inc. as of September 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 September 30, 2019, CHCF 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 September 30, 2019, (shown on page 14) 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 8, 2020, 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.

Marks Paneth LLP

New York, NY
June 8, 2020

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents (Notes 2C, 3 and 11)	\$ 1,954,360	\$ 916,581
Accounts receivable (Notes 2F, 2G, 3 and 4)	569,876	1,093,251
Prepaid expenses and other assets	90,969	65,535
Property and equipment, net (Notes 2D and 5)	3,785	7,098
Restricted deposits and reserves (Note 9)	113,157	199,957
Security deposits	166,827	166,184
TOTAL ASSETS	\$ 2,898,974	\$ 2,448,606
LIABILITIES		
Accounts payable and accrued expenses (Note 8)	\$ 140,669	\$ 167,855
Accrued salaries and vacation	98,639	83,457
Refundable advances (Note 2G)	197,432	89,886
Deferred rent (Note 2I)	320,795	299,698
TOTAL LIABILITIES	757,535	640,896
COMMITMENTS AND CONTINGENCIES (Note 7)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
Operations	1,936,065	1,464,828
Board-designated (Note 9)	113,157	199,957
Total	2,049,222	1,664,785
With donor restrictions (Note 10)	92,217	142,925
TOTAL NET ASSETS	2,141,439	1,807,710
TOTAL LIABILITIES AND NET ASSETS	\$ 2,898,974	\$ 2,448,606

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

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	Year Ended September 30, 2019			Year Ended September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Without Donor Restrictions	With Donor Restrictions	Total 2018
PUBLIC SUPPORT AND REVENUE:						
Government grants (Note 2G)	\$ 3,682,325	\$ -	\$ 3,682,325	\$ 3,445,376	\$ -	\$ 3,445,376
Foundations, corporations and individual contributions (Note 2H)	83,639	121,000	204,639	56,228	153,750	209,978
Special events (net of direct expenses of \$86,604 and \$114,024 for 2019 and 2018, respectively) (Note 2J)	411,602	-	411,602	437,245	-	437,245
Program service fees (Note 2G)	187,221	-	187,221	258,769	-	258,769
Other income	10,355	-	10,355	10,275	-	10,275
Net assets released from restrictions (Notes 2B and 10)	171,708	(171,708)	-	240,613	(240,613)	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>4,546,850</u>	<u>(50,708)</u>	<u>4,496,142</u>	<u>4,448,506</u>	<u>(86,863)</u>	<u>4,361,643</u>
EXPENSES (Note 2K):						
Program Services:						
Earlier Care	1,291,243	-	1,291,243	1,659,509	-	1,659,509
Youth Development	1,994,877	-	1,994,877	1,583,133	-	1,583,133
Policy	64,877	-	64,877	133,706	-	133,706
Total program services	<u>3,350,997</u>	<u>-</u>	<u>3,350,997</u>	<u>3,376,348</u>	<u>-</u>	<u>3,376,348</u>
Supporting Services:						
Management and general	604,572	-	604,572	600,460	-	600,460
Fundraising	206,844	-	206,844	307,235	-	307,235
Total supporting services	<u>811,416</u>	<u>-</u>	<u>811,416</u>	<u>907,695</u>	<u>-</u>	<u>907,695</u>
TOTAL EXPENSES	<u>4,162,413</u>	<u>-</u>	<u>4,162,413</u>	<u>4,284,043</u>	<u>-</u>	<u>4,284,043</u>
CHANGE IN NET ASSETS	384,437	(50,708)	333,729	164,463	(86,863)	77,600
Net assets - beginning of year	1,664,785	142,925	1,807,710	1,500,322	229,788	1,730,110
NET ASSETS - END OF YEAR	<u>\$ 2,049,222</u>	<u>\$ 92,217</u>	<u>\$ 2,141,439</u>	<u>\$ 1,664,785</u>	<u>\$ 142,925</u>	<u>\$ 1,807,710</u>

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 YEAR ENDED SEPTEMBER 30, 2019
(With Comparative Totals for 2018)

For the Year Ended September 30, 2019

	Program Services				Supporting Services			Total 2019	Total 2018
	Earlier Care	Youth Development	Policy	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries	\$ 753,454	\$ 1,221,291	\$ 40,310	\$ 2,015,055	\$ 185,884	\$ 128,589	\$ 314,473	\$ 2,329,528	\$ 2,236,499
Payroll taxes and employee benefits (Note 8)	142,456	230,910	7,621	380,987	35,145	24,312	59,457	440,444	459,768
Total Salaries and Related Costs	895,910	1,452,201	47,931	2,396,042	221,029	152,901	373,930	2,769,972	2,696,267
Professional fees	151,072	148,330	5,753	305,155	139,313	18,811	158,124	463,279	547,576
Occupancy costs (Note 7)	149,302	112,007	7,988	269,297	166,834	91,789	258,623	527,920	516,225
Insurance	8,003	12,972	428	21,403	1,974	1,366	3,340	24,743	25,802
Equipment rental and maintenance	22,122	35,858	1,184	59,164	5,458	3,775	9,233	68,397	63,351
Telephone and internet	14,443	23,411	773	38,627	3,563	2,465	6,028	44,655	40,794
Office supplies	564	11,372	38	11,974	7,256	-	7,256	19,230	24,732
Conference and meetings	1,507	668	100	2,275	6,466	-	6,466	8,741	8,224
Travel	8,044	13,141	331	21,516	12,048	-	12,048	33,564	49,166
Program supplies	22,248	136,347	30	158,625	7,391	-	7,391	166,016	182,393
Staff development	3,749	22,423	-	26,172	1,585	160	1,745	27,917	37,482
Food	129	13,194	-	13,323	10,514	1,219	11,733	25,056	16,960
Grants	8,150	-	-	8,150	-	-	-	8,150	21,803
Depreciation (Notes 2D and 5)	-	-	-	-	3,313	-	3,313	3,313	3,278
Bad debts (Note 2F)	-	-	-	-	-	-	-	-	36,248
Other expenses	6,000	12,953	321	19,274	17,828	20,962	38,790	58,064	127,766
Subtotal	1,291,243	1,994,877	64,877	3,350,997	604,572	293,448	898,020	4,249,017	4,398,067
Less: cost of direct benefit to donors (Note 2J)	-	-	-	-	-	(86,604)	(86,604)	(86,604)	(114,024)
TOTAL EXPENSES	\$ 1,291,243	\$ 1,994,877	\$ 64,877	\$ 3,350,997	\$ 604,572	\$ 206,844	\$ 811,416	\$ 4,162,413	\$ 4,284,043

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

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Program Services				Supporting Services			Total 2018
	Earlier Care	Youth Development	Policy	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 896,725	\$ 1,020,503	\$ 64,471	\$ 1,981,699	\$ 70,346	\$ 184,454	\$ 254,800	\$ 2,236,499
Payroll taxes and employee benefits (Note 8)	<u>184,345</u>	<u>209,790</u>	<u>13,254</u>	<u>407,389</u>	<u>14,461</u>	<u>37,918</u>	<u>52,379</u>	<u>459,768</u>
Total Salaries and Related Costs	1,081,070	1,230,293	77,725	2,389,088	84,807	222,372	307,179	2,696,267
Professional fees	106,467	57,897	732	165,096	332,108	50,372	382,480	547,576
Occupancy costs (Note 7)	261,873	94,553	7,835	364,261	73,072	78,892	151,964	516,225
Insurance	9,072	4,764	42	13,878	11,839	85	11,924	25,802
Equipment rental and maintenance	24,223	15,855	697	40,775	19,207	3,369	22,576	63,351
Telephone and internet	24,511	6,373	467	31,351	8,809	634	9,443	40,794
Office supplies	1,201	16,864	26	18,091	6,590	51	6,641	24,732
Conference and meetings	2,640	1,827	814	5,281	2,943	-	2,943	8,224
Travel	10,318	24,024	4,918	39,260	9,310	596	9,906	49,166
Program supplies	84,483	94,310	3,596	182,389	4	-	4	182,393
Staff development	16,355	19,117	-	35,472	2,010	-	2,010	37,482
Food	919	9,008	-	9,927	6,565	468	7,033	16,960
Grants	21,803	-	-	21,803	-	-	-	21,803
Depreciation and amortization (Notes 2D and 5)	-	-	-	-	3,278	-	3,278	3,278
Bad debts (Note 2F)	5,000	-	31,248	36,248	-	-	-	36,248
Other expenses	<u>9,574</u>	<u>8,248</u>	<u>5,606</u>	<u>23,428</u>	<u>39,918</u>	<u>64,420</u>	<u>104,338</u>	<u>127,766</u>
Subtotal	1,659,509	1,583,133	133,706	3,376,348	600,460	421,259	1,021,719	4,398,067
Less: cost of direct benefit to donors (Note 2J)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,024)</u>	<u>(114,024)</u>	<u>(114,024)</u>
TOTAL EXPENSES	<u>\$ 1,659,509</u>	<u>\$ 1,583,133</u>	<u>\$ 133,706</u>	<u>\$ 3,376,348</u>	<u>\$ 600,460</u>	<u>\$ 307,235</u>	<u>\$ 907,695</u>	<u>\$ 4,284,043</u>

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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 333,729	\$ 77,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,313	3,278
Bad debts	-	36,248
	337,042	117,126
Subtotal	337,042	117,126
Changes in operating assets and liabilities:		
(Increase) Decrease in assets:		
Accounts receivable	523,375	91,754
Prepaid expenses and other assets	(25,434)	28,620
Restricted deposits and reserves	86,800	(31,630)
Security deposits	(643)	(512)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	(27,186)	(32,316)
Accrued salaries and vacation	15,182	15,999
Deferred rent	21,097	61,384
Refundable advances	107,546	9,345
	1,037,779	259,770
Net Cash Provided by Operating Activities	1,037,779	259,770
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(4,347)
	-	(4,347)
Net Cash Used in Investing Activities	-	(4,347)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,037,779	255,423
Cash and cash equivalents - beginning of year	916,581	661,158
	1,954,360	916,581
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,954,360	\$ 916,581

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, 2019 AND 2018

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 two classes:
- Without Donor Restrictions - 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.
- With Donor Restrictions - 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 net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- 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 it has 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, 2019 and 2018, CHCF determined that no allowance for uncollectibles was necessary. For the years ended September 30, 2019 and 2018, CHCF wrote off \$0 and \$36,248, 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, 2019 AND 2018

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, net assets with donor restrictions are reclassified as net assets without donor restrictions 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 7B) 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, 2019 and 2018, CHCF recorded an adjustment to rent expense to reflect its straight-line policy that amounted to approximately \$21,000 and \$61,000, 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. Allocated expenses include salaries and payroll taxes and employee benefits, which are allocated on the basis of time and effort. Site-specific expenses, such as rent, utilities, and office equipment are distributed based on the full-time equivalents (“FTE”). Program expenses, such as staff training, are allocated based on the FTE level of effort to staff across the multiple programs they support.
- L. **Recent Accounting Pronouncements** - Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, “Not-for-Profit Entities” was adopted for the year ended September 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 September 30, 2019. Net assets as of September 30, 2018 were renamed to conform to the new presentation.

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

CHCF regularly monitors liquidity required to meet its operating needs and other contractual commitments. CHCF 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, CHCF considers all expenditures related to its ongoing activities of childcare, youth development, policy and general administration and fundraising expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, CHCF anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In the event of an unanticipated liquidity need, CHCF could also draw upon \$900,000 of its available banks line of credit which has \$0 outstanding as of September 30, 2019. See Note 6.

As of September 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	\$ 1,954,360
Accounts receivable	569,876
Restricted deposits and reserves	<u>113,157</u>
 Total financial assets	 2,637,393
 Less: restricted deposits and reserves	 <u>(113,157)</u>
	 <u>\$ 2,524,236</u>

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of September 30:

	<u>2019</u>	<u>2018</u>
NYS Office of Children & Family Services	\$ 418,649	\$ 540,580
NYS Department of Health	35,304	-
United Federation of Teachers	-	197,286
NYC Department of Youth and Community Development	17,313	164,454
NYC Department of Education	63,141	156,290
NYC Council	23,752	-
Human Resources Administration	-	10,586
Anvil Mechanical, Inc.	-	10,000
Action Serving the East Coast	-	5,000
ASA Consulting	-	5,000
Receivables < \$5,000	<u>11,717</u>	<u>4,055</u>
	<u>\$ 569,876</u>	<u>\$ 1,093,251</u>

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2019	2018	Estimated Useful Lives
Computer and office equipment	\$ 12,221	\$ 449,345	5 years
Furniture and fixtures	-	63,725	5-7 years
Leasehold improvements	4,347	208,943	9 years
Total cost	16,568	722,013	
Less: accumulated depreciation and amortization	(12,783)	(714,915)	
Net book value	\$ 3,785	\$ 7,098	

Depreciation and amortization expense amounted to \$3,313 and \$3,278 for the years ended September 30, 2019 and 2018, respectively. During the years ended September 30, 2019 and 2018, CHCF wrote off fully depreciated property and equipment amounting to \$705,445 and \$0, respectively. This write-off reflected such equipment and leasehold improvements no longer in service.

NOTE 6 – BANKS LINE OF CREDIT

- A. 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 CHCF's assets and carries interest at The Wall Street Journal Prime Rate. As of September 30, 2019 and June 8, 2020, no amounts were outstanding.
- B. On July 30, 2019, CHCF obtained a line of credit with a bank in the amount of \$600,000. The line of credit is secured by CHCF's assets and carries interest at the bank's variable interest rate. The line of credit expires on July 30, 2020. As of September 30, 2019 and June 8, 2020, there was \$0 borrowed.

NOTE 7 – 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 accompanying financial statements do not include a provision for possible disallowances and reimbursements as a result of such audits. Although such possible disallowances can be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.
- 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, 2019 are as follows:

2020	\$ 403,195
2021	412,267
2022	460,108
2023	470,460
2024	481,046
Thereafter	1,251,931
	\$ 3,479,007

Rent expense amounted to \$423,577 for the years ended September 30, 2019 and 2018.

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

- C. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. CHCF could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on CHCF’s mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, CHCF cannot predict the extent to which its financial condition and results of operations will be affected.
- D. CHCF believes it has no uncertain tax positions as of September 30, 2019 and 2018 in accordance with Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying tax provisions for uncertain tax provisions.

NOTE 8 – 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, 2019 and 2018, 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, 2019 and 2018 amounted to \$7,446 and \$4,950, respectively. As of September 30, 2019 and 2018, CHCF had a payable pertaining to the Plan amounting to \$10,094 and \$11,007, respectively. Such amounts are included in accounts payable and accrued expenses in the accompanying financial statements.

NOTE 9 – RESTRICTED DEPOSITS AND RESERVES

As of September 30, 2019 and 2018, 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 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Purpose restricted (all programs)	\$ <u>92,217</u>	\$ <u>142,925</u>
	<u>\$ 92,217</u>	<u>\$ 142,925</u>

For the years ended September 30, 2019 and 2018, net assets with donor restrictions released from those restrictions due to expenses incurred, satisfying the restricted purposes or through the occurrence of other events specified by donors amounted to \$171,708 and \$240,613, respectively.

NOTE 11 – CONCENTRATION OF CREDIT RISK

Cash and cash equivalents that potentially subject CHCF to a concentration of credit risk include a cash account with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of September 30, 2019, and 2018, there was approximately \$1,640,000 and \$338,000, respectively, of cash that exceeded FDIC limits.

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through June 8, 2020, the date the financial statements were available to be issued.

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Stability Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration sector of the government. The maximum loan amount is equal to the lesser of (a) 2.5 times the entity’s average monthly payroll costs, as defined and incurred during the one-year period before the date on which the loan is made; or (b) \$10 million. The term of the loan is two years and bears interest at a fixed rate of 1% per annum. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven, based on how much is spent in the eight week period immediately following funding of the loan times a forgiveness factor that is based on employee headcount and amounts paid to the CHCF’s employees. The Organization applied for this loan through an SBA authorized lender and received \$543,257 in April 2020.

THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<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>
<u>Corporation for National and Community Service</u>				
Social Innovation Fund				
Passed through from the Mayor's Fund to Advance New York City	94.019	15SIHNY001	\$ 68,610	\$ -
Total Corporation for National and Community Service			<u>68,610</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Temporary Assistance for Needy Families: (TANF Cluster)				
Passed-through from NYS Office of Children and Family Services - Advantage After School	93.558	C026705	289,494	-
Grants Gateway				
Title V State Sexual Risk Avoidance Education				
Passed-through from NYS Department of Health	93.235	C34613GG	35,304	-
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	1,690,294	-
Passed-through from NYS Office of Children and Family Services - Infant and Toddler	93.575	C027896	213,073	-
Total CCDF Cluster			<u>1,903,367</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,228,165</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,296,775</u>	<u>\$ -</u>

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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, 2019. 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, 2019, 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 8, 2020.

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 8, 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 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 CHCF's major federal programs for the year ended September 30, 2019. 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, 2019.

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 its 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.

Marks Paneth LLP

New York, NY
June 8, 2020

**THE COMMITTEE FOR HISPANIC CHILDREN AND FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ 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 the Uniform Guidance?

_____ Yes	_____ <u>X</u> No
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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?

_____ <u>X</u> Yes	_____ No
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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, 2019**

Prior Year Findings:

No matters were reported.