



UNITED BRONX PARENTS, INC

**Financial Statements
June 30, 2019 and 2018
With Independent Auditor's Reports**

United Bronx Parents, Inc.
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June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
United Bronx Parents, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of United Bronx Parents, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities and changes in net assets, 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.

Auditor's 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 of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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 United Bronx Parents, Inc. as of June 30, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, in 2019, the Organization adopted Accounting Standards Update (“ASU”) 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and is not a required part of the financial statements. The other Schedules - Day Care Center, schedules of revenue and expenditures, fixed asset inventory, quantitative program results, due from (to) funding sources, and accrued benefits are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records use 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 December 31, 2019 on our consideration of United Bronx Parents, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Bronx Parents, Inc.’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Bronx Parents, Inc.’s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads 'Withum Smith + Brown, PC'.

December 31, 2019

United Bronx Parents, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,372,661	\$ 2,143,236
Grants and program fees receivables, less allowance for doubtful accounts in the amount of \$211,468 in 2019 and \$181,107 in 2018	1,352,735	2,167,520
Other current assets	<u>163,176</u>	<u>145,526</u>
Total current assets	<u>4,888,572</u>	<u>4,456,282</u>
Restricted cash and investments	259,318	1,030,208
Property and equipment, net	17,315,086	17,669,592
Due from affiliates	<u>4,614,840</u>	<u>4,933,270</u>
Total assets	<u>\$ 27,077,816</u>	<u>\$ 28,089,352</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,691,936	\$ 1,831,915
Refundable advances	<u>609,432</u>	<u>1,533,917</u>
Total current liabilities	<u>2,301,368</u>	<u>3,365,832</u>
Deferred construction advance	136,030	360,220
Reserve for Medicaid disallowance	1,911,092	1,911,092
Due to affiliate	<u>21,670</u>	<u>21,670</u>
Total liabilities	<u>4,370,160</u>	<u>5,658,814</u>
Net assets		
Without donor restriction	8,820,742	7,681,575
With donor restriction	<u>13,886,914</u>	<u>14,748,963</u>
Total net assets	<u>22,707,656</u>	<u>22,430,538</u>
Total liabilities and net assets	<u>\$ 27,077,816</u>	<u>\$ 28,089,352</u>

The Notes to Financial Statements are an integral part of these statements.

United Bronx Parents, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2019 and 2018

	2019			2018		
	With Donor Restriction	Without Donor Restriction	Total	With Donor Restriction	Without Donor Restriction	Total
Public support and revenue						
Public support						
Government grants	\$ 6,594,665	\$ -	\$ 6,594,665	\$ 7,095,187	\$ 48,849	\$ 7,144,036
Contributions - in-kind food	959,113	-	959,113	675,257	-	675,257
	<u>7,553,778</u>	<u>-</u>	<u>7,553,778</u>	<u>7,770,444</u>	<u>48,849</u>	<u>7,819,293</u>
Revenue						
Medicaid	4,825,648	-	4,825,648	5,402,233	-	5,402,233
Food stamp fees	85,249	-	85,249	63,056	-	63,056
Client fees	18,303	-	18,303	23,798	-	23,798
Rental income	564,572	-	564,572	691,907	-	691,907
Miscellaneous	1,077	-	1,077	13,333	-	13,333
	<u>5,494,849</u>	<u>-</u>	<u>5,494,849</u>	<u>6,194,327</u>	<u>-</u>	<u>6,194,327</u>
	13,048,627	-	13,048,627	13,964,771	48,849	14,013,620
Assets released from restrictions	<u>862,049</u>	<u>(862,049)</u>	<u>-</u>	<u>569,330</u>	<u>(569,330)</u>	<u>-</u>
	<u>13,910,676</u>	<u>(862,049)</u>	<u>13,048,627</u>	<u>14,534,101</u>	<u>(520,481)</u>	<u>14,013,620</u>
Expenses						
Program services						
Residential treatment for women with children	4,424,225	-	4,424,225	4,815,870	-	4,815,870
Services for people with HIV/AIDS	4,445,539	-	4,445,539	4,659,084	-	4,659,084
Day care	743,701	-	743,701	788,625	-	788,625
Supportive housing	1,110,168	-	1,110,168	1,042,361	-	1,042,361
Food assistance	1,186,946	-	1,186,946	879,436	-	879,436
	<u>11,910,579</u>	<u>-</u>	<u>11,910,579</u>	<u>12,185,376</u>	<u>-</u>	<u>12,185,376</u>
Supportive services						
Management and general	920,974	-	920,974	1,379,491	-	1,379,491
	<u>12,831,553</u>	<u>-</u>	<u>12,831,553</u>	<u>13,564,867</u>	<u>-</u>	<u>13,564,867</u>
Changes in assets before other income	1,079,123	(862,049)	217,074	969,234	(520,481)	448,753
Other income						
Interest income	<u>60,044</u>	<u>-</u>	<u>60,044</u>	<u>60,112</u>	<u>-</u>	<u>60,112</u>
Changes in net assets	1,139,167	(862,049)	277,118	1,029,346	(520,481)	508,865
Net assets, beginning of year	<u>7,681,575</u>	<u>14,748,963</u>	<u>22,430,538</u>	<u>6,652,229</u>	<u>15,269,444</u>	<u>21,921,673</u>
Net assets, end of year	<u>\$ 8,820,742</u>	<u>\$ 13,886,914</u>	<u>\$ 22,707,656</u>	<u>\$ 7,681,575</u>	<u>\$ 14,748,963</u>	<u>\$ 22,430,538</u>

The Notes to Financial Statements are an integral part of these statements.

United Bronx Parents, Inc.
Statements of Functional Expenses
Year Ended June 30, 2019

	Program Services							Total
	Residential Treatment for Women with Children	Services for People with HIV/AIDS	Day Care	Supportive Housing	Food Assistance	Total	Management and General	
Salaries and wages	\$ 2,089,268	\$ 2,657,589	\$ 329,852	\$ 113,878	\$ 79,589	\$ 5,270,176	\$ 195,421	\$ 5,465,597
Benefits and taxes	528,722	664,131	85,882	28,422	18,414	1,325,571	39,796	1,365,367
	<u>2,617,990</u>	<u>3,321,720</u>	<u>415,734</u>	<u>142,300</u>	<u>98,003</u>	<u>6,595,747</u>	<u>235,217</u>	<u>6,830,964</u>
Consultant services	113,182	43,946	36,256	49,223	-	242,607	442,607	685,214
Consultant services - health	194,588	-	146	-	-	194,734	132	194,866
Transportation	41,520	28,143	62	541	759	71,025	503	71,528
Program & office supplies	46,701	20,377	13,649	671	3,810	85,208	11,570	96,778
Client activities	17,383	8,050	17	-	-	25,450	-	25,450
Household supplies	41,387	8,857	3,291	2,307	1,760	57,602	172	57,774
Food	337,095	86	395	-	1,054,254	1,391,830	-	1,391,830
Equipment & software	21,738	27,818	356	9,124	21	59,057	1,717	60,774
Occupancy	101,461	153,511	242,171	816,396	3,227	1,316,766	15,809	1,332,575
Telephone & communications	49,017	88,033	9,921	5,707	533	153,211	14,184	167,395
Audit/legal fees	4,293	1,652	-	1,937	-	7,882	81,622	89,504
Professional fees	157,102	527,509	4,394	1,152	1,212	691,369	5,447	696,816
Insurance	73,784	30,707	12,520	19,055	498	136,564	1,304	137,868
Repairs and maintenance	85,241	31,608	679	20,878	6,191	144,597	3,565	148,162
Other expenses	1,179	281	427	293	7	2,187	69,932	72,119
Recruiting and staff development	70	60	2,455	-	-	2,585	29,247	31,832
Fines and penalties	-	300	-	-	-	300	7,946	8,246
Bad debt	-	120,609	-	-	16,671	137,280	-	137,280
Depreciation	<u>520,494</u>	<u>32,272</u>	<u>1,228</u>	<u>40,584</u>	<u>-</u>	<u>594,578</u>	<u>-</u>	<u>594,578</u>
	<u>\$ 4,424,225</u>	<u>\$ 4,445,539</u>	<u>\$ 743,701</u>	<u>\$ 1,110,168</u>	<u>\$ 1,186,946</u>	<u>\$ 11,910,579</u>	<u>\$ 920,974</u>	<u>\$ 12,831,553</u>

The Notes to Financial Statements are an integral part of this statement.

United Bronx Parents, Inc.
Statements of Functional Expenses
Year Ended June 30, 2018

Program Services

	Residential Treatment for Women with Children	Services for People with HIV/AIDS	Day Care	Supportive Housing	Food Assistance	Total	Management and General	Total
Salaries and wages	\$ 2,270,980	\$ 2,793,051	\$ 365,721	\$ 141,509	\$ 73,110	\$ 5,644,371	\$ 374,815	\$ 6,019,186
Benefits and taxes	548,365	617,581	96,113	37,432	25,939	1,325,430	109,926	1,435,356
	<u>2,819,345</u>	<u>3,410,632</u>	<u>461,834</u>	<u>178,941</u>	<u>99,049</u>	<u>6,969,801</u>	<u>484,741</u>	<u>7,454,542</u>
Consultant services	103,585	125,411	28,643	23,964	20	281,623	557,764	839,387
Consultant services - health	182,888	(83)	480	-	-	183,285	-	183,285
Transportation	39,277	30,774	54	254	704	71,063	6,075	77,138
Program & office supplies	95,834	26,955	19,189	210	871	143,059	16,641	159,700
Client activities	25,503	11,305	1,591	-	-	38,399	-	38,399
Household supplies	37,952	4,162	2,807	568	277	45,766	142	45,908
Food	541,708	2,896	165	-	766,486	1,311,255	241	1,311,496
Equipment & software	37,568	21,488	13,748	5,046	-	77,850	28,828	106,678
Occupancy	181,594	213,058	232,681	742,175	4,935	1,374,443	8,950	1,383,393
Telephone & communications	34,389	95,796	4,482	3,993	776	139,436	45,286	184,722
Audit/legal fees	2,415	1,173	-	900	-	4,488	93,767	98,255
Professional fees	144,174	565,061	2,268	362	1,046	712,911	56,231	769,142
Insurance	63,514	45,940	17,779	9,961	1,109	138,303	4,017	142,320
Repairs and maintenance	101,872	36,887	1,432	23,669	4,003	167,863	1,426	169,289
Other expenses	32,578	24,962	244	11,976	-	69,760	75,382	145,142
Depreciation	371,674	42,667	1,228	40,342	160	456,071	-	456,071
	<u>1,996,525</u>	<u>1,248,452</u>	<u>326,791</u>	<u>863,420</u>	<u>780,387</u>	<u>5,215,575</u>	<u>894,750</u>	<u>6,110,325</u>
	<u>\$ 4,815,870</u>	<u>\$ 4,659,084</u>	<u>\$ 788,625</u>	<u>\$ 1,042,361</u>	<u>\$ 879,436</u>	<u>\$ 12,185,376</u>	<u>\$ 1,379,491</u>	<u>\$ 13,564,867</u>

The Notes to Financial Statements are an integral part of this statement.

United Bronx Parents, Inc.
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Changes in net assets	\$ 277,118	\$ 508,865
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Bad debt expense	137,280	28,582
Depreciation	594,578	456,071
Changes in		
Receivables	677,505	(659,067)
Other current assets	(17,650)	(14,485)
Accounts payable and accrued expenses	(139,979)	(747,534)
Refundable advances	(924,485)	(104,242)
Due from/to affiliates, net	<u>378,430</u>	<u>(241,972)</u>
Net cash provided (used) by operating activities	<u>982,797</u>	<u>(773,782)</u>
Investing activities		
Loans to affiliates	(60,000)	(60,000)
Additions to property and equipment	(240,072)	(147,511)
Change in restricted cash and investments	<u>770,890</u>	<u>539,149</u>
Net cash provided by investing activities	<u>470,818</u>	<u>331,638</u>
Financing activities		
Changes in deferred construction advance, net	<u>(224,190)</u>	<u>202,850</u>
Net cash provided by financing activities	<u>(224,190)</u>	<u>202,850</u>
Net change in cash and cash equivalents	1,229,425	(239,294)
Cash and Cash Equivalents		
Beginning of year	<u>2,143,236</u>	<u>2,382,530</u>
End of year	<u>\$ 3,372,661</u>	<u>\$ 2,143,236</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ -	\$ -

The Notes to Financial Statements are an integral part of these statements.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

1. NATURE OF ORGANIZATION

United Bronx Parents, Inc. (the “Organization” or the “Agency”) was founded by community activist Dr. Evelina Lopez Antonetty as an organization of parents and local businesses advocating for improved education for children in the South Bronx public schools. Bilingual education, minority hiring, parent training, decentralization and community control of local schools were some of the issues for which the Organization organized a community response and advocated for more inclusive policies. The Organization was incorporated in 1966 as a not-for-profit organization.

Increasingly, as the community began to express more basic survival needs, the Organization began to develop new service offerings, including emergency food programs, bilingual adult education, and day care services throughout the 1970’s. In the 1980’s and 1990’s, the growing prevalence of substance abuse and HIV-related issues among the people served by the Organization led the Organization to develop a variety of AIDS and addiction-related service approaches. Today, the Organization has grown into a multi-program organization providing a comprehensive range of empowerment and concrete social services and treatment programs to low-income people in its community and from across the City of New York.

Program Descriptions

Residential Drug Treatment for Women and their Children

Lorraine Montenegro

Inaugurated in 1990 and currently boasting 20 years of uninterrupted 24-7 operations, La Casita is the Agency’s first comprehensive, residential, drug treatment program for homeless women with children. La Casita (The “Little House”) is a New York State Office of Alcohol and Substance Abuse (“NYS OASAS”) licensed residential drug treatment program for homeless, pregnant or parenting woman with up to three children ranging from infancy to the age of 9. The program offers substance abuse treatment services, culturally-appropriate congregate meals, educational/vocational evaluation and referral services, independent living skills training, parenting training, family counseling, recreational activities, a licensed on-site childcare program, medical and mental health management and a broad range of family-based case management intervention and support. The programs offer one and a half years of intensive treatment in residence and follows a modified therapeutic community model, including gradual progress through a level system in which participants earn privileges and take on increasing responsibility for their recovery, children and future independence. When families complete the residential component of the program, they are assisted in locating permanent housing, including La Casita 2 and La Casita 3: The Mix, reserved for families completing the program. The achievement of “live out status” is followed by a 6 to 9 month aftercare program of counseling and monitoring leading to graduation. Currently La Casita is one of the few therapeutic communities admitting women who are on methadone treatment. La Casita 1 is funded by both NYS OASAS and the U.S. Department of Housing and Urban Development.

La Casita 3

Located at the Agency’s 1006 East 151st Street site, La Casita 3 is the Agency’s second comprehensive, residential, drug treatment program for homeless women with children. La Casita 3 is both licensed and funded by NYS OASAS.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Supportive Housing

La Casita 2

La Casita 2 is a permanent, low-income, supportive permanent housing program for formerly homeless families who have completed La Casita 1 or 3 residential drug treatment programs. This program is funded by the U.S. Department of Housing and Urban Development's Shelter Plus Care program, with NYS OASAS as the program sponsor. The program offers rental subsidies to 12 apartments, which includes apartments for large families.

Residents also participate in La Casita's aftercare program and a variety of supportive services at the Agency. Crisis intervention, family case management and other support services are available, ensuring continued sobriety, housing stability and increased independence for its residents. As of December 1, 2015, United Bronx Parents and the U.S. Department of Housing and Urban Development became the direct program sponsors.

La Casita 3: The Mix

Inaugurated in August of 2000, La Casita 3: The Mix provides 6 additional apartments of supportive, permanent, low-income housing for homeless families who have graduated from the La Casita treatment program. The permanent housing component of La Casita 3: The Mix allowed the Agency to expand its housing units from 12 to 18 apartments, thanks to grants from SAMSHA's CSAT, NYS OASAS and NYS HHAP programs.

NY/NY III Program

The NY/NY III program is a permanent supportive housing program that provides up to 20 two and three bedroom apartments to chronically homeless or at risk of chronic homelessness families in which the head of household suffers with a substance use disorder. The Agency holds the lease and tenants get sub leases where they are responsible for 30 percent of their adjusted income towards rent. The program provides a rental subsidy and wrap around case management to the head of household and family members. All tenants are engaged in service planning and goal setting in areas such as, on reduction of alcohol and drug use, housing stability, health and mental health improvement, and child engagement in education and health.

Mental Health and Outpatient Drug Treatment

Mrs. A's Day Program

In existence since 1992, Mrs. A's Day Program is licensed by NYS OASAS. Mrs. A's Day Program is a Part 822 medically-supervised day treatment program for substance abusers. Services include individual and group counseling, medical and mental health evaluation, educational/vocational counseling, HIV education, family group counseling, recreational/cultural activities and case management services. The program offers a flexible portion of group and individual services designed to meet individual needs. The intensive portion of the program lasts from 6 to 9 months and is followed by a 3 to 6 month program of aftercare counseling and monitoring leading to graduation.

Food Assistance

Congregate Meals

The Agency offers congregated meals programs at both its Day Care Center #1 and Casita Esperanza service facilities. The NYS Department of Health's Food Program acting with support from corporate donors covers congregated breakfast and lunch for all children at the Agency's day care and Casita Esperanza residents.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Homeless Hot Meals & Emergency Food Pantry

Programs to combat hunger include the homeless hot meals program, which serves hot lunches to homeless people who “wear their need” on a daily basis. Outreach is also conducted by Peer Educators from the Agency’s prevention programs as a means of engaging them in other services offered by the Agency, including referrals to shelters, residential and outpatient treatment programs, harm reduction programs and HIV prevention services. On a regular basis, HIV prevention educational workshops are provided for those that wish to participate immediately before the meal, a late lunch, is served, which clients report is often the only meal that they consume on that day.

An emergency food pantry provides 50 – 75 emergency food packages for individuals, families and the elderly each month. Third, the Lincoln Acupuncture Meal Transport Program provides hot lunches to pregnant women and their children who participate in the Lincoln Hospital Acupuncture program. The program is funded through the NYS Department of Health’s HPNAP nutrition assistance program.

Day Care Services

Child Care Center #1

Licensed by the NYC Department of Health and Mental Hygiene, and part of the Early Learn Program, Child Care Center #1 is run by the New York City Administration for Children’s Services (“ACS”). Families who qualify receive assistance with tuition payments from ACD/HRA based on their income levels. The program accepts children between the ages of two and four for a ten hour day program. The Child Care Center also administers a Pre-K which is free for all four year old children living in New York City. The Pre-K program is in service only when New York City public schools are in session and is a six hour and twenty minute program per day in service.

HIV Case Management and HIV Prevention Education & Outreach

Health Home

The United Bronx Parents Health Home, in partnership with the Bronx Accountable Health Network (“BAHN”) utilizes a care management model designed to provide cost effective services that facilitate access to a multidisciplinary array of medical care, behavioral health care and community-based social services. The program also provides support for individuals who are Medicaid recipients with chronic medical and/or behavioral health conditions. Health Home services support the provision of coordinated, comprehensive medical and behavioral health services through care coordination and integration. The goal of these core services is to ensure access to appropriate services, improve health outcomes, and reduce preventable hospitalizations and emergency room visits.

HIV Prevention Education & Outreach (“MSA”)

The MSA program is intended to provide HIV outreach and prevention education services as well as outreach and education to the community at large, targeting parents, local youth, injection drug users, other alcohol and other drug users, commercial sex workers, the elderly and other high risk persons. Participants are provided with a series of eight basic HIV education workshops, which include HIV risk reduction, the importance of early medical intervention, and information regarding how to live longer and healthier with HIV/AIDS. An advanced risk reduction workshop series provides prevention skills building for persons needing assistance negotiating condom use with sexual partners and learning harm reduction and relapse prevention techniques. Participants receive assistance in obtaining confidential HIV counseling and testing and a variety of placements in harm reduction, recovery readiness and substance abuse treatment programs upon request. The MSA program also provides intensive case management services to HIV positive individuals who do not have current Medicaid entitlements or who are not Medicaid eligible, including recent immigrants and parolees.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Functional Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Costs that are directly related to a specific program or general and administrative are directly charged to their functional category. Certain costs have been allocated among the program and supporting services based on a percentage of use determined by management to reflect the benefit received. The percentage of use is primarily determined by cost allocation techniques such as time and effort and square footage.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included within the financial statements are: the Organization's estimated accrual for future third-party disallowances (see Note 8); and management's opinion that no provision for amounts due from affiliate is required (see Note 6).

Laws and regulations governing the Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Organization believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrong doing. Action for noncompliance may include repayment of amounts improperly reimbursed, fines, penalties, and exclusion from the Medicare and Medicaid programs.

Revenue Recognition

Revenue from government grants is recognized in the period when expenditures have been incurred in compliance with the specific terms and conditions of the grant. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted revenue in the absence of donor restrictions to the contrary during the year in which the assets were acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Fee based revenue, including Medicaid revenue and other program service revenue, is recognized on the date the Organization provides services to its clients. Medicaid revenue is reimbursed to the Organization at the net reimbursement rate, as determined by Medicaid. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year that they are finalized.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Program service revenue is reported at the estimated net realizable amounts from clients, third-party payers and others for services rendered. All other client services revenue is recorded at published charges with contractual allowance to arrive at client service revenue, net.

In-Kind Revenue

The Organization receives donated goods and services that are used for the Organization's various programs. The goods and services are recorded at the fair market value based on the cost the Organization would have incurred to purchase the items independently. The amounts reflected in the accompanying financial statements as in-kind support are offset by amounts included in expenses.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Useful Life (Years)</u>
Buildings and improvements	25-40
Furniture, fixtures and equipment	5-10

Certain property and equipment are acquired with funds received from federal, state, and local funding sources who may maintain a reversionary interest in those assets purchased with these funds, and in the determination of the use of the asset or any proceeds from the sale of those assets. Property and equipment acquired with Organization funds are considered to be owned by the Organization.

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals in excess of \$5,000 are capitalized and, therefore, would be included in property and equipment.

Valuation of Long-Lived Assets

In accordance with the provisions of accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Management has determined that no impairment was required to be recorded for the years ended June 30, 2019 and 2018.

Fair Value of Financial Instruments

The carrying value of receivables, restricted cash and investments and accounts payable approximate the fair value of these financial instruments due to their short maturity period.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3). Accordingly, no provision for income taxes has been reflected in the accompanying financial statements. The Organization is also exempt from state income taxes.

The Organization has no unrecognized income tax liabilities and had no income tax related penalties or interest for the years ended June 30, 2019 and 2018. Furthermore, there are no tax related interest or penalties included in the financial statements presented.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and accounts receivables. The Organization places its cash and investments with financial institutions management believes are financially stable. At times, the Organization's balances in its interest bearing cash and investment accounts may exceed the FDIC insured limits. The Organization has historically not incurred any losses in these accounts to-date. The Organization's receivables consist principally of amounts due from grant sources and third-parties.

Government funding comprises approximately 87 and 90 percent, of the Organization's support and revenue for the years ended June 30, 2019 and 2018, respectively, of which approximately 30 and 29 percent of public support, respectively, was from one New York State Agency. Accordingly, any significant decrease in government funding levels would negatively impact the Organization's operation. The Organization may, at times, have a concentration of government grants receivable with a specific government agency. At June 30, 2019 and 2018, one agency accounted for approximately 56 and 66 percent, respectively, of government grants receivable.

Reclassification

Certain prior year amounts were reclassified to conform to the current year presentation. The reclassification had no effect on the change in net assets previously recorded.

New Accounting Pronouncements Adopted in Current Year

Not-for-profit Reporting

During 2018, the Organization adopted Accounting Standards Update ("ASU") 2016-14 – *Not-for-profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities* issued by the Financial Accounting Standards Boards (FASB). This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification.

A recap of the net asset reclassification driven by the adoption of ASU 2016-14 as of July 1, 2017 is as follows:

Net Assets Classifications	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As previously presented:			
Unrestricted	\$ 6,652,229	\$ -	\$ 6,652,229
Temporarily restricted	<u>-</u>	<u>15,269,444</u>	<u>15,269,444</u>
Net assets as previously presented	<u>\$ 6,652,229</u>	<u>\$ 15,269,444</u>	<u>\$ 21,921,673</u>

United Bronx Parents, Inc.
Notes to Financial Statements
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New Accounting Pronouncements Not Yet in Effect

Statement of Cash Flows

In November 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-18 *Statement of Cash Flows* (Topic 230), which requires restricted cash to be included within cash and cash equivalents when explaining the total change in cash for the period within the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2018.

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right of use” asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of the Corporation’s lease obligations. This ASU is effective fiscal years beginning after December 15, 2020. The Corporation is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Contribution Revenue Recognition

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The new guidance clarifies what is an exchange transaction, of which revenues would be reported under Topic 606, and what is a contribution reported under Topic 958. The new guidance presents three key considerations for the not-for-profit to walk through in order to determine what type of transaction transpired. 1. Determine if the transaction is an exchange, third-party payer, or a contribution. An exchange is where commensurate value is received by the resource provider and a recipient. 2. If the not-for-profit has determined the transaction is a contribution, it has to determine if it is conditional or unconditional. 3. If a contribution is unconditional, determine if it is restricted or unrestricted. Entities should apply the changes due to ASU 2018-08 for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 *Revenue from Contracts with Customers* (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 (“ASC 606”). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements. ASC 606 will be effective for the Organization for its fiscal years beginning July 1, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2019. ASC 606 allows for either “full retrospective” adoption, meaning the standard is applied to all of the periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Organization is currently evaluating the impact of adoption of ASC 606. At this time, management believes that the adoption of ASC 606 will not have a material impact on its financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

The Organization is currently evaluating the potential impact these pronouncements will have on its financial statements.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2019 the Organization's liquidity recourses and financial assets available within one year for general expenditure, such as operating expenses were as follows:

Financial assets:	
Cash and cash equivalents	\$ 3,372,661
Receivables, net	<u>1,352,735</u>
Total financial assets and liquidity resources	<u>\$ 4,725,396</u>

The Organization regularly monitors liquidity required to meets its operating needs and commitments and manages its cash flow accordingly.

4. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments are primarily restricted resulting from the deferred construction advance (see Note 6) and consisted of the following at June 30:

	2019	2018
Cash	\$ 218,543	\$ 986,863
Tenant security deposits	8,311	11,353
Certificate of deposit (Level 2)	<u>32,464</u>	<u>31,992</u>
	<u>\$ 259,318</u>	<u>\$ 1,030,208</u>

For assets and liabilities subject to certain fair value measurement disclosures, the Organization will value such assets and liabilities using quoted market prices in active markets (Level 1) for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Organization will next attempt to value such assets and liabilities using observable measurement criteria (Level 2), including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization will develop measurement criteria based on the best information available (Level 3).

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Land	\$ 3	\$ 3
Buildings and improvements	22,252,464	22,012,392
Furniture, fixtures and equipment	<u>332,636</u>	<u>332,636</u>
	22,585,103	22,345,031
Less: Accumulated depreciation	<u>(5,270,017)</u>	<u>(4,675,439)</u>
	<u>\$ 17,315,086</u>	<u>\$ 17,669,592</u>

The Organization's property and equipment is located in South Bronx in the area of Prospect Avenue. Depreciation expense amounted to \$594,578 and \$456,071 for the years ended June 30, 2019 and 2018, respectively.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

6. DUE TO/FROM AFFILIATES

Due from/to affiliates are unsecured, non-interest bearing, not subject to a definitive repayment schedule and consist of the following at June 30:

Due from Affiliates

	2019	2018
Advances receivable		
La Casa de Salud, Inc.	\$ 1,522,326	\$ 2,236,837
Promesa, Inc.	199,961	23,778
Green Hope Services for Women, Inc.	1,376,545	1,225,609
El Regreso	<u>76,008</u>	<u>67,046</u>
	<u>\$ 3,174,840</u>	<u>\$ 3,553,270</u>

Due to Affiliate

Advances payable		
PASO	<u>\$ 21,670</u>	<u>\$ 21,670</u>

The Organization entered into a loan agreement with Promesa Foundation, Inc. whereby Promesa Foundation borrowed \$1,200,000 with interest payable at the rate of 5 percent per annum. The loan is required to be paid in full as of June 30, 2021. The balance as of June 30 consist of the following:

Loans receivable		
Promesa Foundation, Inc.	<u>\$ 1,440,000</u>	<u>\$ 1,380,000</u>

The Organization is related to these entities, each of which is a not-for-profit charitable organization as defined by Internal Revenue Code Section 501(c)(3), through common management and common board members. These organizations allocate certain personnel costs to the Organization for various program and administrative services which amounted to approximately \$529,000 and \$752,000 for the years ended June 30, 2019 and 2018, respectively. The Organization leases operating space from Promesa Foundation, Inc. (see Note 9). Rent expense incurred under this lease amounted to \$128,700 for each of the years ended June 30, 2019 and 2018. In addition to the advances noted above, the Organization also has amounts payable to these entities at June 30, 2019 and 2018 included within accounts payable and accrued expenses amounting to \$542,155 and \$171,833, respectively.

The Organization leases operating space in one of its buildings to Promesa, Inc. under a 36 month lease which commenced June 30, 2014 and expired June 30, 2019 and required monthly rent of \$25,400. Effective July 1, 2018, the required monthly rent was changed to \$15,000 and is currently continuing on a month to month basis.

The Organization's property located at 834 E 156th Street is no longer being utilized by the Organization for its residential drug treatment program. As of June 30, 2018 an affiliate of Acacia, El Regreso, is utilizing this space to operate certain programs. This space is currently being provided rent-free, however, El Regreso is responsible for reimbursing the Organization for all operating costs incurred such as utilities. As of June 30, 2019 and 2018, El Regreso owes the Organization \$76,008 and \$67,046, respectively.

7. DEFERRED CONSTRUCTION ADVANCE

The Organization entered into a contract with NYS OASAS with a maximum contract amount of \$14,399,400 to construct a facility located at 773 Prospect Avenue, Bronx, NY to house two intensive residential rehabilitation programs. Such advances are subject to a State Aid Grant Lien for a term of 20 years which entitles NYS OASAS possession of the property in the event of default.

United Bronx Parents, Inc.
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Advances paid by NYS OASAS but not expended pursuant to the contract are non-interest bearing and refundable. In the event the Organization does not meet its obligations as outlined in the contract, the Organization shall be indebted to NY OASAS in an amount equal to: the amount of the grant subject to potential credits; the amount of any mortgage upon the property; rehabilitation expenditures and; other costs incurred in obtaining possession of the property.

Through June 30, 2019, the Organization received advances under the contract totaling approximately \$14,175,000, of which \$14,175,000 of costs have been incurred and expended/obligated pursuant to the contract. The building was placed into service in November 2017, the costs have been reclassified from construction in progress to buildings and improvements at June 30, 2019 (see Note 5) and have been recorded as revenue with donor restrictions (see Note 9). At June 30, 2019 and 2018, the uncommitted used balance of the advanced funds was \$136,030 and \$360,220, respectively.

8. MEDICAID DISALLOWANCE PAYABLE AND MEDICAID ACCRUALS

In March 2011, the Organization was audited by the State of New York Office of Medicaid Inspector General (the "NYSOMIG") for the period September 1, 2003 through December 31, 2007. This audit determined a net financial error rate of 60 percent of paid claims for the period audited which resulted in a disallowance of paid claims for the period audited of \$2,081,805. The Organization settled the audit during 2011 for the amount above and entered into a repayment agreement with terms of 15 percent withholding of future Medicaid billings with the NYSOMIG. The recoveries of amounts due to NYSOMIG were subject to interest charges at the prime rate plus 2 percent and to be paid commencing as soon as the disallowance amount is paid in full through future Medicaid withholdings. At each of the years ended June 30, 2019 and 2018, the Medicaid disallowance payable amounted to \$-0-.

The period of January 1, 2008 through June 30, 2019 is subject to audit by NYSOMIG, as such, management has established a reserve for disallowances as of June 30, 2019 and 2018 in the amount of \$1,911,092 for both of the years then ended. The amount of the reserve established by the Organization was based on a March 2011 audit by the State of New York Office of Medicaid Inspector General for the period September 1, 2003 through December 31, 2007.

9. COMMITMENT AND CONTINGENCIES

Litigation

The Organization is currently involved in various employment claims and legal actions arising in the ordinary course of business and is vigorously defending these actions. Management is currently of the opinion that these claims and legal actions have no merit, and any ultimate outcome will not have a material adverse impact on the financial position of the Organization. As such, an accrual for loss has not been made in these financial statements.

Enforcement Mortgages

The Organization has mortgage agreements on three properties with the New York State Homeless Housing and Assistance Corporation ("NYS-HHAC"). The total value of the mortgages is \$5,831,328. However, no payments are required under these type mortgages. Principal terms of the mortgages require the Organization to maintain the property as a homeless project as defined in Section 42 of the Social Services Law of New York for periods ranging from 2012 to 2032. At that time, the Organization will own the properties free of any mortgages. In the event the Organization does not meet its obligations as outlined in the mortgage agreements, the mortgaged properties shall become due and subject to recapture. Management believes that the properties are being used for their specified purposes and therefore has not reflected any liability in the statements of financial position.

United Bronx Parents, Inc.
Notes to Financial Statements
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Since the mortgages are not repayable so long as the Organization complies with the terms, the proceeds from the mortgages have been recorded as net assets with donor restriction. The Organization releases from net assets with donor restriction a pro-rata amount over the compliance period, which ranges from 20-35 years. Net assets released from restriction related to these mortgages amounted to \$159,063 for each of the years ended June 30, 2019 and 2018. The Organization expects to release net assets from restriction of approximately \$159,000 annually related to these three properties.

The Organization also has advances from NYS OASAS which are subject to a State Aid Grant Lien for a term of 20 years which entitles NYS OASAS possession of the property in the event of default. At June 30, 2019, the amount of the advances subject to the State Aid Grant Lien is \$14,175,000 (see Note 7). In the event the Organization does not meet its obligations as outlined in the mortgage agreements, the mortgaged properties shall become due and subject to recapture. Management believes that the properties are being used for their specified purposes and therefore has not reflected any liability in the statements of financial position.

Since the mortgage is not repayable so long as the Organization complies with the terms, the proceeds from the mortgage have been recorded as temporarily restricted net assets. The Organization releases from net assets with donor restriction a pro-rata amount over the compliance period of 20 years. Net assets released from restriction related to this mortgage amounted to \$703,164 for the year ended June 30, 2018. The Organization expects to release net assets from restriction of approximately \$703,000 annually related to this property.

The amount remaining within net assets with donor restriction was \$13,886,914 and \$14,748,963 at June 30, 2019 and 2018, respectively.

Operating Leases

The Organization rents operating space from Promesa Foundation, Inc. (see Note 6) under an operating lease which expires February 28, 2037. The lease requires annual rent of \$111,900.

Future minimum rental payments are as follows at June 30, 2019:

<u>Year</u>	<u>Amount</u>
2020	\$ 111,900
2021	111,900
2022	111,900
2023	111,900
2024	111,900
Thereafter	<u>1,361,450</u>
	<u>\$ 1,920,950</u>

Grants and Contracts Services

The Organization has contracted with various funding agencies to perform certain services. Reimbursements received under these contracts are subject to audit by federal and state government and other agencies. Upon audit, if billing errors or costs are disallowed, the Organization may be held responsible to refund the amounts in question.

United Bronx Parents, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

10. RETIREMENT PLAN

The Organization maintains a 401(k) plan (the "Plan") that matches 100 percent of the first 4 percent of base compensation and 50 percent thereafter up to 5 percent of base compensation for employees with 1 year of service or more. The total retirement cost for the years ended June 30, 2019 and 2018, amounted to \$95,746 and \$67,652, respectively.

11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date, through the date of December 31, 2019, the date the financial statements were available for release. Based upon this evaluation, the Organization has determined that no subsequent events have occurred, which require disclosure in or adjustment to the financial statements.

SUPPLEMENTARY INFORMATION

**United Bronx Parents, Inc
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed through to Sub-recipients</u>	<u>Grant Award Period</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development					
Pass-through from New York State Office of Alcoholism and Substance Abuse Services					
Shelter Plus Care	14.267	NY00402L2T001409	\$ -	12/01/2017 - 11/30/2018	\$ 144,762
	14.267	NY00402L2T001710	-	12/01/2018 - 11/30/2019	194,570
			-		339,332
U.S. Department of Agriculture					
Pass-through from Food Bank New York City					
The Emergency Food Assistance Program (TEFAP)	10.568	81319	-	7/01/2018-6/30/2019	55,051
Pass-through from New York State Department of Health Child and Adult Care Food Program	10.558	COO3202	-	7/01/2018-6/30/2019	33,294
			-		88,345
U.S. General Services Administration					
Child Care Services - GSA					
Pass-through from ACS New York City	93.575	CT10682017140856	-	7/01/2018-6/30/2019	326,609
Total Federal Awards			<u>\$ -</u>		<u>\$ 754,286</u>

See Independent Auditor's Report.
See accompanying Notes to Schedule of Expenditures of Federal Awards.

United Bronx Parents, Inc
Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of United Bronx Parents, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUMMARY OF SIGNIFICANT ESTIMATES

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 allowed or are limited as to reimbursement.

3. INDIRECT COSTS

The Organization has not previously received a negotiated indirect cost rate nor has it elected to use the 10 percent de minimus indirect cost rate allowable under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”).

United Bronx Parents, Inc
Schedule of Revenues and Expenditures – Day Care Center
June 30, 2019

BUDGET CATEGORIES	ACS FUNDED					
	Budget		EarlyLearn			
	EarlyLearn	Child Care	Child Care UPK	Total EarlyLearn (A)	Variance	Questioned Cost
Revenue:						
EarlyLearn revenue	\$ 1,134,989	\$ 703,347	\$ 68,854	\$ 772,201	\$ 362,788	\$ -
Parent Fees	31,500	13,615	4,538	18,153	13,347	-
Other funding source revenue '	-	150	-	150	(150)	-
Total Revenue	1,166,489	717,112	73,392	790,504	375,985	-
Expenditures						
Personnel cost						
Salaries	\$ 580,282	\$ 322,201	\$ 31,842	\$ 354,043	\$ 226,240	\$ -
Accrued vacation	-	4,126	410	4,536	(4,536)	-
FICA	44,392	23,749	2,346	26,095	18,296	-
Accrued vacation - FICA	-	308	31	339	(339)	-
Workers compensation	21,621	7,425	734	8,159	13,463	-
Unemployment/Disability insurance	17,408	4,217	417	4,634	12,775	-
Pension	13,926	5,644	558	6,202	7,724	-
Health/Dental/life Insurance	62,671	37,200	3,767	40,967	21,703	-
Total personnel cost	740,300	404,869	40,105	444,975	295,326	-
Facilities cost						
Rent	208,110	181,438	26,484	207,921	189	-
Insurance	18,431	12,520	-	12,520	5,911	-
Telecommunications	9,750	9,516	405	9,921	(171)	-
Utilities	36,500	29,911	4,338	34,249	2,251	-
Maintenance and repairs	6,500	3,629	341	3,970	2,530	-
Total facilities cost	279,291	237,013	31,568	268,581	10,710	-
Family Child Care Stipend	-	-	-	-	-	-
Other than personnel services (OTPS)						
Supplies	10,325	2,264	237	2,501	7,824	-
Advertising	1,350	1,024	-	1,024	326	-
Training/Staff Development	3,500	1,764	-	1,764	1,736	-
Audit	5,687	5,370	-	5,370	317	-
Parent Services	20,500	14,688	1,923	16,611	3,889	-
Consultant - programmatic	27,720	25,357	-	25,357	2,363	-
Consultant - administrative	14,370	29,197	-	29,197	(14,827)	-
Other OTPS- milestone+unallocated Funds	63,446	-	-	-	63,446	-
Total OTPS	146,898	79,664	2,160	81,825	65,073	-
TOTAL EARLYLEARN COST	\$ 1,166,489	\$ 721,547	\$ 73,833	\$ 795,380	\$ 371,109	\$ -
Excess (deficiency) of revenue over (under) expenditures	\$ -	\$ (4,435)	\$ (441)	\$ (4,876)	\$ 4,876	\$ -

See Independent Auditor's Report.

United Bronx Parents, Inc
Schedule of Revenues and Expenditures – Day Care Center
June 30, 2019

BUDGET CATEGORIES	DOE CC UPK Enhancemnt	DOE HS UPK Enhancement	Health & Safety	Sandy Relief Fund	Other Funding	Total Other Than EarlyLearn (B)	[A+B] Total ACS Funded (C)
Revenue:							
EarlyLearn revenue	\$ 31,946	\$ -	\$ -	\$ -	\$ -	\$ 31,946	\$ 804,147
Other revenue (disability, interest, etc.)	-	-	-	-	-	-	-
Teacher's incentive fund	-	-	-	-	-	-	-
HRA Voucher	-	-	-	-	-	-	-
CACFP	-	-	-	-	-	-	-
Parent Fees	-	-	-	-	-	-	-
In-kind contribution	-	-	-	-	-	-	-
Sponsor's contribution	-	-	-	-	-	-	-
Other funding source revenue ¹	-	-	-	-	-	-	-
Total Revenue	\$ 31,946	\$ -	\$ -	\$ -	\$ -	\$ 31,946	\$ 31,946
Expenditures							
Personnel cost							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries - COLA	-	-	-	-	-	-	-
Teacher's Incentive	-	-	-	-	-	-	-
Accrued vacation	-	-	-	-	-	-	-
FICA	-	-	-	-	-	-	-
FICA - COLA	-	-	-	-	-	-	-
FICA - Teacher's Incentive	-	-	-	-	-	-	-
Accrued vacation - FICA	-	-	-	-	-	-	-
Workers compensation	-	-	-	-	-	-	-
Unemployment insurance	-	-	-	-	-	-	-
Pension	-	-	-	-	-	-	-
Welfare fund	-	-	-	-	-	-	-
Health Insurance	-	-	-	-	-	-	-
Substitutes	-	-	-	-	-	-	-
Total personnel cost	-	-	-	-	-	-	-
Facilities cost							
Rent	-	-	-	-	-	-	-
Property Taxes	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-
Licensing and permits	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Custodial services	-	-	-	-	-	-	-
Alarm	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-	-	-
Capital expenditures and renovations	-	-	-	-	-	-	-
Other facilities costs	-	-	-	-	-	-	-
Total facilities cost	-	-	-	-	-	-	-
Family Child Care Stipend	-	-	-	-	-	-	-
Other than personnel services (OTPS)							
Supplies	-	-	-	-	-	-	-
Equipment over \$3,000 - Head Start	-	-	-	-	-	-	-
Equipment over \$5,000 - Child Care	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Instructional Field Trips	-	-	-	-	-	-	-
Training/Staff Development	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Food - CACFP	-	-	-	-	-	-	-
Non-food related cost - CACFP	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-
Parent Services	-	-	-	-	-	-	-
Consultant - programmatic	-	-	-	-	-	-	-
Consultant - administrative	-	-	-	-	-	-	-
Indirect cost - Head Start	-	-	-	-	-	-	-
Other OTPS	-	-	-	-	-	-	-
Total OTPS	-	-	-	-	-	-	-
TOTAL EARLYLEARN COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenue over (under) expenditures	\$ 31,946	\$ -	\$ -	\$ -	\$ -	\$ 31,946	\$ 31,946

See Independent Auditor's Report.

United Bronx Parents, Inc
Schedule of Revenues and Expenditures – Day Care Center
June 30, 2019

BUDGET CATEGORIES	NOT ACS FUNDED				
	Actual				
	CACFP	Cash Contribution (Head Start)	In-kind Contribution (Head Start)	Sponsor's Contribution (Other than Head Start)	Other Funding Source
Revenue:					
EarlyLearn revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue (disability, interest, etc.)	-	-	-	-	-
Teacher's incentive fund	-	-	-	-	-
HRA Voucher	-	-	-	-	-
CACFP	25,464	-	-	-	-
Parent Fees	-	-	-	-	-
In-kind contribution	-	-	-	-	-
Sponsor's contribution	-	-	-	-	-
Other funding source revenue ¹	-	-	-	-	-
Total Revenue	<u>25,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Personnel cost					
Salaries	\$ 5,988	\$ -	\$ -	\$ -	\$ -
Salaries - COLA	-	-	-	-	-
Teacher's Incentive	-	-	-	-	-
Accrued vacation	(220)	-	-	-	-
FICA	455	-	-	-	-
FICA - COLA	-	-	-	-	-
FICA - Teacher's Incentive	-	-	-	-	-
Accrued vacation - FICA	-	-	-	-	-
Workers compensation	138	-	-	-	-
Unemployment insurance	78	-	-	-	-
Pension	105	-	-	-	-
Welfare fund	-	-	-	-	-
Health Insurance	701	-	-	-	-
Substitutes	-	-	-	-	-
Total personnel cost	<u>7,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities cost					
Rent	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	-	-	-	-
Water and sewer	-	-	-	-	-
Licensing and permits	-	-	-	-	-
Insurance	54	-	-	-	-
Custodial services	-	-	-	-	-
Alarm	-	-	-	-	-
Telecommunications	-	-	-	-	-
Utilities	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Capital expenditures and renovations	-	-	-	-	-
Other facilities costs	-	-	-	-	-
Total facilities cost	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Family Child Care Stipend	-	-	-	-	-
Other than personnel services (OTPS)					
Supplies	-	-	-	-	-
Equipment over \$3,000 - Head Start	-	-	-	-	-
Equipment over \$5,000 - Child Care	-	-	-	-	-
Postage	-	-	-	-	-
Advertising	-	-	-	-	-
Instructional Field Trips	-	-	-	-	-
Training/Staff Development	-	-	-	-	-
Transportation	-	-	-	-	-
Food - CACFP	17,072	-	-	-	-
Non-food related cost - CACFP	186	-	-	-	-
Audit	-	-	-	-	-
Parent Services	-	-	-	-	-
Consultant - programmatic	-	-	-	-	-
Consultant - administrative	-	-	-	-	-
Indirect cost - Head Start	-	-	-	-	-
Other OTPS	-	-	-	-	-
Total OTPS	<u>17,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EARLYLEARN COST	<u>\$ 24,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ 907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

United Bronx Parents, Inc
Schedule of Revenues and Expenditures – Day Care Center
June 30, 2019

Schedule of Fixed Asset Inventory

<u>Description</u>	<u>Quantity</u>	<u>Serial Number</u>	<u>Date Purchased</u>	<u>Cost</u>
<u>Current Year Purchases</u>				
None				
Total				
<u>Prior Year Inventory</u>				
Monica Minolta 454 Copier	1	454001	5/11/2015	\$ 6,138
Canon Copier IR2535(35PPm)	1	FUG30823	6/29/2011	5,995
Computer - HP ProDesk 400 G3	6	8CG38032x5L		3,690
SMART BOARD 6065 with Smart Learning Suite	3	SBID-6065-HD		9,744
Total Equipment Inventory				<u>\$ 25,567</u>

Schedule of Quantitative Program Results

ENROLLMENT

1	Contracted slots per site	
	a) Name of sites	1
2	Number of classrooms per site	4
3	Number of children enrolled by site	70
4	Number of children in attendance by site	24
5	The average attendance for contract by site (#4 divided by #3)	34%

COST

1	Total expense for the contract. (Total EL expense in Schedule 1-A)	\$ 795,380
2	Total expense by site	\$ 795,380
3	Average cost slots (Total expenses/Total attendance by sites)	\$ 33,141
4	Average cost per site/Total cost per site/Attendance by site)	\$ 33,141

See Independent Auditor's Report.

**United Bronx Parents, Inc
Schedule of Revenues and Expenditures – Day Care Center
June 30, 2019**

Schedule of Accrued Vacation Charged to ACS Funded Programs:

<u>Payroll Date</u>	<u>Employee # or position</u>	<u>Accrued Vacation</u>	<u>Accrued Vacation FICA</u>	<u>Total as at 6/30/17</u>	<u>Date Paid</u>
6/30/2019	Teacher's	\$ 4,153	\$ 318	\$ 4,470	XX/XX/2019
6/30/2019	Assist. Teacher's	4,008	307	4,314	XX/XX/2019
6/30/2019	Bookkeeper	2,043	156	2,199	XX/XX/2019
6/30/2019	IT	792	61	853	XX/XX/2019
6/30/2019	Social worker	290	22	312	XX/XX/2019
6/30/2019	cook Helper	1,859	142	2,001	XX/XX/2019
6/30/2019	custodian	157	12	169	XX/XX/2019
	Total	13,302	1,018	14,319	

See Independent Auditor's Report.

United Bronx Parents, Inc.
Schedule of Amount due from (to) Funding Source - Day Care Center
June 30, 2019

	FY2017	FY2018	FY2019	Total
Due to (from) ACS at 6/30/2018	\$ 241,662.00	\$ (265,812.97)	\$ -	\$ (24,150.97)
Add FY 2019 revenue				
Cash received/advances from ACS	-	-	705,773.93	705,773.93
Parent Fees	-	-	18,153.00	18,153.00
Other revenue (disability, interest, etc.)	-	-	150.00	150.00
Total funds available	-	-	724,076.93	724,076.93
Less FY 2019 allowable expenditures:				
Expenditures	-	-	795,380.12	795,380.12
Less: Accrued Vacation	-	-	4,535.94	4,535.94
Less: Accrued Vacation - FICA	-	-	339.37	339.37
Less: Questioned Costs	-	-	-	-
Total Allowable Expense	-	-	790,504.81	790,504.81
Add: Other FY 2019 cash received/advances from ACS	-	378,316.49	-	378,316.49
Less: Other FY 2019 amounts repaid to ACS	161,108.00	115,000.00	-	276,108.00
Due to (from) ACS at 6/30/2019	\$ 80,554.00	\$ (2,496.48)	\$ (66,427.88)	\$ 11,629.64
Additional Information				
Add: Cash received/advances from ACS subsequent to 6/30/2019	-	-	72,800.00	72,800.00
Less: Amounts repaid to ACS subsequent to 6/30/2019	80,554.00	-	-	80,554.00
Balance remaining due to ACS	\$ -	\$ (2,496.48)	\$ 6,372.12	\$ 3,875.64

See Independent Auditor's Report.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
United Bronx Parents, Inc.:

We have audited, 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, the financial statements of United Bronx Parents, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December xx, 2019.

Internal Control Over Financial Reporting

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

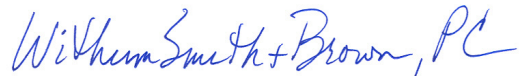
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 United Bronx Parents, Inc.'s financial statements are free of 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 were required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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 the entity'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.



December 31, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
United Bronx Parents, Inc.:

Report on Compliance for Each Major Federal Program

We have audited United Bronx Parents, Inc.'s compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on United Bronx Parents, Inc.'s major federal program for the year ended June 30, 2019. United Bronx Parents, Inc.'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for United Bronx Parent, Inc.'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* ("Uniform Guidance"). Those standards and 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 United Bronx Parents, Inc.'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 United Bronx Parents, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, United Bronx Parents, Inc. 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 United Bronx Parents, Inc. 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 United Bronx Parents, Inc.'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 each major federal program and to test and report on internal control over compliance in accordance with 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 United Bronx Parents, Inc.'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 requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



December 31, 2019

**United Bronx Parents, Inc
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2019**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Non-compliance material to the financial statements?	No

Federal Awards

Internal control over major programs	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	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 2 CFR.516(a) of Uniform Guidance	No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.575	Child Care Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section 2 – Financial Statement Findings

None reported.

Section 3 – Major Federal Awards Findings and Questioned Costs

None reported.

United Bronx Parents, Inc
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2019

None reported.