

**George R. Kaminski**  
*Certified Public Accountant*

THE ARAB-AMERICAN  
FAMILY SUPPORT CENTER, INC.

Financial Statements

June 30, 2015  
(With Independent Auditor's Report Thereon)

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**

**June 30, 2015**

**Table of Contents:**

- I) **Independent Auditor's Report on the Basic Financial Statements**
- II) **Statement of Financial Position – Exhibit I**
- III) **Statement of Activities – Exhibit II**
- IV) **Statement of Cash Flows – Exhibit III**
- V) **Statement of Functional Expenses – Exhibit IV**
- VI) **Notes to the Financial Statements**

# **George R. Kaminski**

*Certified Public Accountant*

## Independent Auditor's Report

Board of Directors and Management  
The Arab-American Family Support Center, Inc.

I have audited the accompanying financial statements of The Arab-American Family Support Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Post Office Box 69, Latham, New York 12110**

**The Arab-American Family Support Center, Inc.**

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Arab-American Family Support Center, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to read "George R. Kamm". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

October 21, 2015

**Exhibit I**

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Statement of Financial Position**  
**June 30, 2015**

**Assets**

**Current Assets**

|                                |    |               |            |
|--------------------------------|----|---------------|------------|
| Cash and cash equivalents      | \$ | 155,345       |            |
| Grants and accounts receivable |    | 552,700       |            |
| Prepaid expenses and deposits  |    | <u>17,377</u> |            |
| Total Current Assets           |    |               | \$ 725,422 |

**Fixed Assets**

|                               |  |                 |                          |
|-------------------------------|--|-----------------|--------------------------|
| Equipment                     |  | 34,323          |                          |
| Furniture and fixtures        |  | <u>7,799</u>    |                          |
| Total Fixed Assets            |  | 42,122          |                          |
| Less Accumulated Depreciation |  | <u>(42,122)</u> |                          |
| Net Fixed Assets              |  |                 | <u>-</u>                 |
| Total Assets                  |  |                 | \$ <u><u>725,422</u></u> |

**Liabilities and Net Assets**

**Current Liabilities**

|                                       |    |          |            |
|---------------------------------------|----|----------|------------|
| Accounts payable and accrued expenses | \$ | 129,320  |            |
| Advanced funds                        |    | <u>-</u> |            |
| Total Current Liabilities             |    |          | \$ 129,320 |

**Net Assets**

|                                  |  |          |                          |
|----------------------------------|--|----------|--------------------------|
| Unrestricted                     |  | 596,102  |                          |
| Temporarily restricted           |  | <u>-</u> |                          |
| Total Net Assets                 |  |          | <u>596,102</u>           |
| Total Liabilities and Net Assets |  |          | \$ <u><u>725,422</u></u> |

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

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2015**

**Changes in Unrestricted Net Assets****Revenues, Gains and Other Support**

|  |                |
|--|----------------|
| Government grants                      | \$ 2,695,247   |
| Foundation grants and support          | 157,375        |
| Contributions-corporate and individual | 26,981         |
| Interest income                        | 99             |
| Program fees and other revenues        | 6,451          |
| Special event revenues                 | <u>111,222</u> |

Total Unrestricted Support 2,997,375

**Functional Expenses**

## Program services:

|                          |                |
|--------------------------|----------------|
| Sponsored programs       | 2,315,108      |
| Other supported programs | <u>360,529</u> |

Total program services 2,675,637

## Supporting services:

|                               |                |
|-------------------------------|----------------|
| Management and administrative | 86,788         |
| Fund raising                  | <u>127,835</u> |

Total supporting services 214,623

Total functional expenses 2,890,260

**Increase in Unrestricted Net Assets** 107,115

**Changes in Temporarily Restricted Net Assets**

None -

**Increase in Net Assets** 107,115

**Net Assets at Beginning of Year** 488,987

**Net Assets at End of Year** \$ 596,102

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

**Exhibit III****THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.****Statement of Cash Flows  
Fiscal Year Ended June 30, 2015****Cash Flows from Operating Activities**

|   |    |                 |                       |
|---|----|-----------------|-----------------------|
| Increase in net assets  | \$ | 107,115         |                       |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |    |                 |                       |
| Increase in grants and accounts receivable  |    | (125,233)       |                       |
| Decrease in prepaid expenses and deposits   |    | 5,517           |                       |
| Decrease in accounts payable and accrued expenses   |    | (33,912)        |                       |
| Decrease in advanced funds  |    | <u>(65,654)</u> |                       |
| Net cash used by operating activities   | \$ |                 | (112,167)             |
| <b>Cash Flows from Investing , Financing Activites</b>  |    |                 |                       |
| None  |    |                 | <u>-</u>              |
| <b>Net Decrease in Cash and Cash Equivalents</b>  |    |                 | (112,167)             |
| <b>Cash and Cash Equivalentents at Beginning of Year</b>  |    |                 | <u>267,512</u>        |
| <b>Cash and Cash Equivalentents at End of Year</b>  | \$ |                 | <u><u>155,345</u></u> |

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

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Statement of Functional Expenses**  
**For the Fiscal Year Ended June 30, 2015**

Exhibit IV

|                                   | Direct Program Service Costs                         |  |                                  |                   | Support Services                  |  |                   |                     | Total<br>Functional<br>Expenses |
|-----------------------------------|--|--|----------------------------------|-------------------|-----------------------------------|--|-------------------|---------------------|---------------------------------|
|                                   | Family & Children<br>Preventive Services<br>Programs | Neighborhood<br>Development &<br>Disaster Relief | Domestic<br>Violence<br>Programs | Other<br>Programs | Total<br>Program<br>Service Costs | Management<br>& Administration<br>Overhead | Fund<br>Raising   |                     |                                 |
|                                   |  |  |                                  |                   |                                   |  |                   |                     |                                 |
| Salaries and payroll              | \$ 1,148,890   | \$ 240,552                                       | \$ 143,527                       | \$ 202,962        | \$ 1,735,931                      | \$ 63,605                                  | \$ 7,951          | \$ 1,807,487        |                                 |
| Payroll taxes                     | 108,101  | 22,727   | 12,730                           | 18,627            | 162,185                           | 6,017                                      | 752               | 168,954             |                                 |
| Employee benefits                 | 119,530  | 25,814   | 7,233                            | 18,040            | 170,617                           | 5,383                                      | 673               | 176,673             |                                 |
| Pension plan                      | 11,187   | 2,024  | 1,390                            | 2,404             | 17,005                            | 461  | 58                | 17,524              |                                 |
| Program materials and supplies    | 11,656   | -  | 1,316                            | 3,907             | 16,879                            | 3,634                                      | 1,211             | 21,724              |                                 |
| Expendable program equipment      | -  | -  | -                                | -                 | -                                 | -  | -                 | -                   |                                 |
| Occupancy costs                   | 241,573  | 12,060   | 9,547                            | 2,150             | 265,330                           | 1,554                                      | 251               | 267,135             |                                 |
| Telephone and internet            | 20,820   | 232  | 847                              | 1,158             | 23,057                            | 868  | 289               | 24,214              |                                 |
| Postage and printing              | 1,194  | -  | 38                               | 3,799             | 5,031                             | 667  | 222               | 5,920               |                                 |
| Repairs and maintenance           | 7,085  | -  | 190                              | 360               | 7,635                             | 270  | 90                | 7,995               |                                 |
| Consultants and professional      | 12,375   | -  | 867                              | 5,524             | 18,766                            | 2,004                                      | 50,837            | 71,607              |                                 |
| Accounting and auditing           | 50,310   | -  | 5,150                            | -                 | 55,460                            | -  | -                 | 55,460              |                                 |
| Program promotion                 | 1,065  | -  | -                                | 737               | 1,802                             | -  | -                 | 1,802               |                                 |
| Insurance                         | 21,939   | 909  | 665                              | 1,690             | 25,203                            | 1,268                                      | 423               | 26,894              |                                 |
| Participant costs                 | 20,122   | -  | -                                | 36,057            | 56,179                            | -  | -                 | 56,179              |                                 |
| Staff development, training       | 12,160   | -  | 3,685                            | 5,000             | 20,845                            | -  | -                 | 20,845              |                                 |
| Travel and transportation         | 619  | -  | 1,425                            | 23,655            | 25,699                            | -  | -                 | 25,699              |                                 |
| Conferences, meetings, events     | 5,985  | -  | -                                | 22,451            | 28,436                            | -  | 50,405            | 78,841              |                                 |
| Fees, dues and subscriptions      | 8,583  | -  | 324                              | 10,990            | 19,897                            | 219  | 14,418            | 34,534              |                                 |
| Equipment leasing and maintenance | 17,821   | -  | 841                              | 1,018             | 19,680                            | 764  | 255               | 20,699              |                                 |
| Other costs                       | -  | -  | -                                | -                 | -                                 | 74   | -                 | 74                  |                                 |
| <b>Totals:</b>                    | <b>\$ 1,821,015</b>                                  | <b>\$ 304,318</b>                                | <b>\$ 189,775</b>                | <b>\$ 360,529</b> | <b>\$ 2,675,637</b>               | <b>\$ 86,788</b>                           | <b>\$ 127,835</b> | <b>\$ 2,890,260</b> |                                 |

The accompanying notes are an integral part of these financial statements



**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 1 – Nature of Organization and Significant Accounting Policies**

**Nature of Activities**

The Arab-American Family Support Center, Inc. (the Organization ) is a not-for-profit community based organization dedicated to providing an array of prevention and support services for Arab-American individuals, children and families throughout New York City.

Programs include related educational resources, school programs, newsletters and classes, counseling services, mental health and other health and safety prevention, support group activities, community outreach and cultural programs, immigration issues, prevention programs targeting marital conflict, child abuse, domestic violence and coalition building and advocacy on behalf of the Arab-American community.

Funding consists primarily of Federal and Federal pass-through, State, Local and affiliated organization government grants.

**Income Tax Status and Uncertain Tax Positions**

The Organization was founded in 1993 and established under the New York State Not-For-Profit Corporation Law and is a tax-exempt corporation under Section 501(c) (3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Significant accounting policies followed by the Organization in the preparation of its financial statements are presented below:

**Basis of Accounting**

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. All of the Organization's revenue is derived from direct public or government sources. Net assets and changes in net assets are classified based on sponsor or donor-imposed restrictions.

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 1 -- Nature of Organization and Significant Accounting Policies (Continued)**

**Support and Expenses**

Contracts, grants, other funds received are measured at their fair values and are reported as grant exchange transactions or an increase in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any restrictions. The Organization reports contracts, grants, gifts of cash and other funds as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets, are not contractual exchange transactions and designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash and cash equivalents primarily consist of interest and non-interest bearing demand deposit and savings accounts and money market equivalent accounts.

**Fixed Assets and Depreciation**

Equipment is acquired under restrictive grant funding provisions or with general administrative funds. All equipment acquired under grantor restrictions is primarily the property of the grantor and is retained by the Organization with the requirement that all equipment acquired be utilized in the performance of the project or related activity.

Administrative equipment and facilities improvements are stated at cost or, if donated, at the approximate fair market value at the date of contribution. The cost of facilities improvements and equipment acquired are depreciated and amortized over the useful lives of the assets or the related lease term using the straight-line method.

**Unexpended and Refundable Advances**

Advances received to fund grant expenditures to be made in a subsequent period are deferred, and revenue will be recognized during the period in which the expenses are incurred.

**Donated Services and Goods**

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 1 – Nature of Organization and Significant Accounting Policies (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 - Grants and Accounts Receivable and Unexpended Advances**

The Arab-American Family Support Center, Inc. has grants receivable funds due for agreements with government and non-government organizations. At June 30, 2015 grants receivable were as follows:

|  |                   |
|--|-------------------|
| City of New York Administration for Children’s Services  | \$ 224,581        |
| City of New York Department of Youth and<br>Community Development  | 19,949            |
| State of New York Department of Health – pass thru funds<br>Health Navigator program                                   | 33,144            |
| State of New York Office of Children and Family Services   | 10,597            |
| New York State Division of Homeland Security and<br>Emergency Services-pass thru Catholic Charities Community Services | 177,696           |
| New York State Office of Victim Services   | 20,367            |
| U.S. Department of Justice-Office on Violence Against Women  | 15,381            |
| Other sources – foundations and individuals  | <u>50,985</u>     |
| Total:   | <u>\$ 552,700</u> |

There were no unexpended advances at June 30, 2015.

**Note 3 – Leasehold Improvements, Equipment and Fixtures**

At June 30, 2015 capitalized leasehold improvements, equipment and fixtures were as follows:

|                          |               |
|--------------------------|---------------|
| Equipment and software   | \$ 34,323     |
| Furniture and fixtures   | <u>7,799</u>  |
|                          | 42,122        |
| Accumulated Depreciation | <u>42,122</u> |
|                          | \$ <u>-0-</u> |

During the fiscal year ended June 30, 2015 the total depreciation recorded was \$ -0-.

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**

**Notes to Financial Statements**

**For the Fiscal Year Ended June 30, 2015**

**Note 4 - Lease Commitments**

Program and Administrative Offices

The Arab-American Family Support Center, Inc. leases its primary program and administrative office space in Brooklyn, New York. The current lease is for a ten year period ending April 30, 2020. Rental payments are due monthly and adjusted annually for cost escalations. The total rental amount including escalations for the Fiscal Year Ended June 30, 2015 was \$ 147,726.

The expected rental payments per the committed lease are as follows:

|   |            |
|---|------------|
| Fiscal Year Rental Base   | \$ 144,830 |
| Fiscal Years Ended June 30, 2016 thru 2017 base increased by 2% |            |
| Fiscal Years Ended June 30, 2018 thru 2020 base increased by 3% |            |

During the end of the Fiscal Year Ended June 30, 2013 the Organization received an addition to its primary City of New York's Agency – Administration for Children's Services (ACS) funded agreement to operate a companion program in Queens, New York. The Organization entered into a five year lease agreement in October, 2012 for the Queens program office. Rental payments are due monthly. The total rental amount including escalations for the Fiscal Year Ended June 30, 2015 was \$ 90,000. Additionally a security deposit funded thru the program has been made in the amount of \$ 13,250.

The expected rental payments per the committed lease are as follows:

|                                 |           |
|---------------------------------|-----------|
| Fiscal Year Ended June 30, 2016 | \$ 94,875 |
| Fiscal Year Ended June 30, 2017 | 97,440    |
| Fiscal Year Ended June 30, 2018 | 24,480    |

Program Equipment

The Arab-American Family Support Center, Inc. leases certain office equipment for use in the performance of government and non-government sponsored grants. Equipment is leased under restrictive funding provisions of the projects. Leased equipment is required to be utilized in the performance of the contract or after its completion a subsequent affiliated program. The leased equipment costs are expensed when incurred under grant provisions and no depreciation is recorded thereon.

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 5- Retirement Plan**

The Organization has established a qualified deferred compensation plan. Substantially all employees who meet certain conditions, primarily one year of full time service, are eligible to participate. The Organization is not required to make employer contributions under the plan agreement. The Organization employer contribution component, which had been discontinued since March 16, 2010, was reactivated by Board action for the Fiscal Year Ended June 30, 2014. The Board voted to re-establish a 3% employer contribution for qualified employees. A total employer contribution of \$ 17,524 was recorded for the Fiscal Year Ended June 30, 2015. At June 30, 2015 there were thirteen contribution eligible employees, of which seven also participated in the employee deferral component of the plan.

**Note 6 – Grants Government – City of New York’s Agency – Administration for Children’s Services (ACS)**

The Organization's funding is primarily funded under a prevention services agreement from the City of New York’s Agency – Administration for Children’s Services (ACS), partially with Federal pass-through funds. The current year is Federal funded at 44%. The master operating agreements provide funding commitment through Fiscal Year Ended June 30, 2015 and have been renewed for the subsequent period.

**Expansion**

In September 2012, the ACS entered into an agreement to expand the Organization’s operations to take over and operate a program similar to its Brooklyn operation, but based in Queens, New York. The final agreement amended the original five year master agreement funding the Queens operation at \$ 3,556,896, and the Brooklyn operation at \$ 2,540,600, for combined total commitment of \$ 6,097,536. The funding for the Fiscal Year Ended June 30, 2015 was: the Queens operation at \$ 1,143,288, the Brooklyn operation at \$762,192, for combined total funding of \$ 1,905,480.

**Concentration**

For the year ended June 30, 2015 approximately 70% of total revenues relates to this funding source.

**THE ARAB-AMERICAN FAMILY SUPPORT CENTER, INC.**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**Note 7 – Contingencies**

Substantially all government and foundation grants are subject to financial and compliance audits by the grantor. Disallowances, if any, as a result of these audits may become liabilities of the Organization. Management believes that no material disallowance will result from audits by grantors.

**Note 8 - Functional Expenses**

The costs of providing various programs and specific areas of activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and activities. Management and fund raising expenses include those expenses that are not directly identifiable with any specific program or activity but provide for the overall support and direction of the Organization.

**Note 9 – Subsequent Events**

Subsequent events were evaluated through October 21, 2015, which is the date the financial statements were available to be issued.

**Note 10 – Affiliated Organization**

The Organization has a Memorandum of Understanding with TAMKEEN: The Center for Arab American Empowerment, Inc., a tax-exempt not-for-profit organization, to provide board oversight functions. The agreement's goal is to expand and develop services to the community through a close association with compatible Arab-American Family Support Center programs. TAMKEEN operates as a self-contained separate reportable fiscal entity.