Seamen's Society for Children and Families

Financial Statements
Year Ended June 30, 2024

Seamen’s Society for Children and Families

Financial Statements
Year Ended June 30, 2024

Contents

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Independent Auditor's Report

The Board of Directors
Seamen's Society for Children and Families
Staten Island, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Seamen's Society for Children and Families, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Seamen's Society for Children and Families as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seamen's Society for Children and Families and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seamen's Society for Children and Families' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Seamen's Society for Children and Families' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seamen's Society for Children and Families' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Seamen's Society for Children and Families' June 30, 2023, financial statements, and our report dated December 28, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, P.C.

December 23, 2024

Seamen's Society for Children and Families

Statement of Financial Position
(with comparative totals for 2023)

June 30,	**2024**	2023
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	**$ 26,467**	$ 7,528
Accounts receivable (Note 4)	**6,707,958**	6,621,355
Prepaid expenses and other assets	**309,339**	474,162
Total Current Assets	**7,043,764**	7,103,045
Fixed Assets, Net (Notes 2 and 5)	**1,908,363**	1,027,032
Right-of-Use Assets (Note 10)	**6,903,824**	7,622,277
Total Assets	**$ 15,855,951**	$ 15,752,354
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	**$ 1,748,433**	$ 1,208,086
Accrued payroll and payroll taxes payable	**1,567,956**	1,334,289
Due to funding source (Notes 2 and 6)	**1,729,347**	1,778,386
Due to affiliate (Note 7)	**254,675**	196,249
Deferred contract revenue	**137,155**	207,291
Line of credit (Note 9)	**-**	625,000
Operating leases, current portion (Note 10)	**740,460**	706,276
Total Current Liabilities	**6,178,026**	6,055,577
Operating Leases, net of current portion (Note 10)	**6,196,712**	6,937,172
Line of Credit (Note 9)	**1,150,000**	-
Small Business Administration - Economic Injury Disaster Loan (Note 9)	**510,893**	516,775
Total Liabilities	**14,035,631**	13,509,524
Commitments and Contingencies (Notes 2, 3, 6, 7, 8, 9, 10, 11, and 12)		
Net Assets (Note 2)		
Without donor restrictions	**1,606,314**	2,041,622
With donor restrictions (Note 12)	**214,006**	201,208
Total Net Assets	**1,820,320**	2,242,830
Total Liabilities and Net Assets	**$ 15,855,951**	$ 15,752,354

See accompanying notes to financial statements.

Seamen's Society for Children and Families

Statement of Activities
(with comparative totals for 2023)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Program Service Revenue				
Foster Care Program	$ 18,615,117	$ -	**$18,615,117**	$ 17,236,344
Health Services	3,375,594	-	**3,375,594**	2,882,474
Day Care Services	178,181	-	**178,181**	354,986
Preventive Programs	5,424,486	-	**5,424,486**	5,016,244
Total Program Service Revenue	27,593,378	-	**27,593,378**	25,490,048
Expenses				
Program services:				
Foster Care Program	18,085,407	-	**18,085,407**	16,836,381
Health Services	2,920,727	-	**2,920,727**	2,730,426
Day Care Services	461,073	-	**461,073**	351,769
Preventive Programs	4,567,469	-	**4,567,469**	4,427,396
Family Support and Youth Programs	72,768	-	**72,768**	-
Total Program Services	26,107,444	-	**26,107,444**	24,345,972
Supporting services:				
Management and general	2,828,177	-	**2,828,177**	2,035,387
Fundraising	372,537	-	**372,537**	256,394
Total Supporting Services	3,200,714	-	**3,200,714**	2,291,781
Total Expenses	29,308,158	-	**29,308,158**	26,637,753
Change in Net Assets, before support and non-operating revenues	(1,714,780)	-	**(1,714,780)**	(1,147,705)
Support and Non-Operating Revenues				
Contributions	158,791	296,884	**455,675**	597,751
Interest and other income	778,777	-	**778,777**	592,013
Prior-period income	57,818	-	**57,818**	31,230
Net assets released from restrictions (Note 12)	284,086	(284,086)	**-**	-
Total Support and Non-Operating Revenues	1,279,472	12,798	**1,292,270**	1,220,994
Change in Net Assets	(435,308)	12,798	**(422,510)**	73,289
Net Assets, beginning of year	2,041,622	201,208	**2,242,830**	2,169,541
Net Assets, end of year	$ 1,606,314	$ 214,006	**$ 1,820,320**	$ 2,242,830

See accompanying notes to financial statements.

Seamen's Society for Children and Families

Statement of Functional Expenses
(with comparative totals for 2023)

Year ended June 30,

	Program Services						Supporting Services			Total	
	Foster Care Program	Health Services	Day Care Services	Preventive Programs	Family Support and Youth Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	**2024**	2023
Salaries	$ 7,053,253	$ 1,800,318	$ 120,598	$ 3,114,892	$ 63,582	$ 12,152,643	$ 1,312,903	$ 177,765	$ 1,490,668	**$ 13,643,311**	$ 12,500,940
Employee benefits	1,536,512	441,050	21,128	724,393	9,186	2,732,269	268,107	43,331	311,438	**3,043,707**	2,614,332
Total Salaries and Employee Benefits	8,589,765	2,241,368	141,726	3,839,285	72,768	14,884,912	1,581,010	221,096	1,802,106	**16,687,018**	15,115,272
Other Expenses											
Pass-through payments	6,962,237	-	-	-	-	6,962,237	15,304	-	15,304	**6,977,541**	6,703,496
Staff expenses	112,754	23,722	140	18,404	-	155,020	4,579	274	4,853	**159,873**	124,193
Legal and audit fees	248,017	25,454	6,079	52,429	-	331,979	108,179	-	108,179	**440,158**	485,076
Children's activities	617,059	2,488	70	76,892	-	696,509	31,188	52,470	83,658	**780,167**	685,366
Purchase of services	118,287	171,237	4,613	31,154	-	325,291	228,950	29,781	258,731	**584,022**	423,626
Purchase of health services	8,423	162,846	32	192	-	171,493	12,586	-	12,586	**184,079**	130,015
Supplies	75,958	26,072	7,417	32,250	-	141,697	227,601	63,720	291,321	**433,018**	237,979
Rent	509,585	115,779	93,000	202,779	-	921,143	70,583	3,990	74,573	**995,716**	968,141
Utilities and other property expenses	485,181	54,618	12,250	113,998	-	666,047	177,543	721	178,264	**844,311**	770,245
Insurance	353,051	97,143	23,198	200,086	-	673,478	51,979	485	52,464	**725,942**	732,842
Administrative expenses	-	-	-	-	-	-	109,509	-	109,509	**109,509**	45,559
Interest expense	-	-	-	-	-	-	93,603	-	93,603	**93,603**	45,317
Food	-	-	172,548	-	-	172,548	-	-	-	**172,548**	131,004
Stipends	5,090	-	-	-	-	5,090	-	-	-	**5,090**	11,605
Total Expenses, before depreciation and amortization	18,085,407	2,920,727	461,073	4,567,469	72,768	26,107,444	2,712,614	372,537	3,085,151	**29,192,595**	26,609,736
Depreciation and Amortization	-	-	-	-	-	-	115,563	-	115,563	**115,563**	28,017
Total Expenses	$ 18,085,407	$ 2,920,727	$ 461,073	$ 4,567,469	$ 72,768	$ 26,107,444	$ 2,828,177	$ 372,537	$ 3,200,714	**$ 29,308,158**	$ 26,637,753

See accompanying notes to financial statements.

Seamen's Society for Children and Families

Statement of Cash Flows
(with comparative totals for 2023)

Year ended June 30,	2024	2023
Cash Flows from Operating Activities		
Change in net assets	**$ (422,510)**	$ 73,289
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	**115,563**	28,017
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	**(86,603)**	(89,871)
Prepaid expenses and other assets	**164,823**	(97,689)
Non-cash lease expenses	**940,921**	940,921
Increase (decrease) in:		
Accounts payable and accrued expenses	**534,465**	313,227
Accrued payroll and payroll taxes payable	**233,667**	556,485
Due to funding source	**(49,039)**	(5,306)
Due to affiliate	**58,426**	181,248
Deferred contract revenue	**(70,136)**	71,324
Principal reduction in operating lease liabilities	**(928,744)**	(919,750)
Total Adjustments	**913,343**	978,606
Net Cash Provided by Operating Activities	**490,833**	1,051,895
Cash Flows from Investing Activities		
Purchase of fixed assets	**(996,894)**	(997,894)
Net Cash Used in Investing Activities	**(996,894)**	(997,894)
Cash Flows from Financing Activities		
Proceeds from loans payable	**-**	625,000
Borrowings on line of credit	**2,425,000**	(700,000)
Repayment of line of credit	**(1,900,000)**	-
Repayment of capital lease obligations	**-**	(21,771)
Net Cash Provided by (Used in) Financing Activities	**525,000**	(96,771)
Net Increase (Decrease) in Cash and Cash Equivalents	**18,939**	(42,770)
Cash and Cash Equivalents, beginning of year	**7,528**	50,298
Cash and Cash Equivalents, end of year	**$ 26,467**	$ 7,528
Supplemental Disclosure of Cash Flow and Non-Cash Information		
Cash paid for interest	**$ 93,603**	$ 45,317
Right-of-use assets acquired through operating leases	**-**	8,320,159

See accompanying notes to financial statements.

1. Nature of Organization

Seamen's Society for Children and Families (the Society) is a private, not-for-profit organization established in 1846 to provide aid to children and families in need. During 1998, the Society formally changed its name from the Society for Seamen's Children to Seamen's Society for Children and Families. The Society receives the majority of funding from the NYC Administration for Children's Services (ACS), supplemented by public and private grants and contracts. The Society operates a foster care and adoption program, a family day care program, and a range of family support and youth programs.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Society have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations. In the statement of financial position, assets and liabilities are presented in order of their maturity resulting in the use of cash.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for both classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Society, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Society is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Society are classified as net assets with donor restrictions - perpetual in nature. As of June 30, 2024, the Society had no net assets with donor restrictions to be held in perpetuity.

Without Donor Restrictions – This class consists of the part of net assets that is not subject to donor-imposed stipulations.

Cash and Cash Equivalents

The Society considers all money market accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Society to concentration of credit risk consist primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the year, the Society may have cash deposits at financial institutions in excess of FDIC insurance limits.

The Society has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalent accounts.

Allowance for Credit Losses

The Society recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the year ended. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments and is based on the expectation as of the financial position date.

Assets are written off when the Society determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the financial position date.

The Society pools its accounts receivable based on similar risk characteristics in estimating expected credit losses. In situations where certain accounts receivable do not share same risk characteristics with other receivables, the Society measures the expected credit losses for those receivables individually. The Society also continuously evaluate such pooling decisions and adjusts as needed from period to period as risk characteristics change. As of June 30, 2024, the amount of receivables subject to credit loss was $5,753,375.

The Society determines its estimated credit losses for accounts receivable using a loss rate approach in determining its lifetime expected credit losses on its receivables from patients. This method is used for calculating an estimate of losses based primarily on the Society's historical loss experience. In determining its loss rates, the Society evaluates information related to its historical losses, adjusted for current conditions, and further adjusted for the period of time that the Society can reasonably forecast. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: grantors and funders' creditworthiness, changes in policy and procedures, existence, and effect of any concentration of credit and changes in level of such considerations, and the current and forecasted direction of the economic and operation environment.

Management anticipates that historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to their methodology or inputs are required.

Contributions and Promises to Give

Contributions and unconditional promises to give are recorded as revenue when either unsolicited cash is received or when donors make an unconditional promise to give. Contributions and unconditional promises to give are reported as an increase in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose-restriction is accomplished—net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give greater than one year are recorded at net present value.

Fixed Assets

Fixed assets are stated at cost. Items of $5,000 or more and an estimated useful life of greater than one year are capitalized at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the related assets.

Asset Category	Useful Life (Years)
Leasehold improvements	5-15
Furniture, fixtures, and equipment	3-10
Vehicles	2-3

Impairment of Long-Lived Assets

The Society reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of June 30, 2024, there have been no such losses.

Revenue Recognition

Government and Other Grants

Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Government and other grants contracts are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer the assets. Government and other grant revenues are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred. Government and other grant funds received in excess of revenue earned are recorded as deferred revenue.

Fee-for-Service

Fee-for-service revenue is generated from foster care services, an adoption program, and a range of family support and youth programs. Fee-for-service is recorded at the amount that reflects the consideration to which the Society expects to be entitled in exchange for providing services. These amounts are due from third-party payors (including government programs and health insurers), and others, and include an estimate for variable consideration for retroactive revenue adjustments due to rate changes, settlement of audits and disallowances, reviews, and investigations. For ASC 606, there is an implied contract between the Society and the customer upon each customer visit.

Generally, the Society submits a fee-for-service to third-party payors electronically through a state-wide system several days after the services are performed. The services that are reimbursed by Medicaid are established through rates established by the Medicaid Child Care Reimbursement Agency. Other services provided by ACS provide specific guidance to Foster Care provider agencies regarding billable units and the service documentation required in order for the agency to bill for services provided.

Revenue is recognized as performance obligations are satisfied over time based on actual charges incurred in relation to total expected (or actual) charges. The Society measures revenue from the commencement of services to the continuation of services, and until services are no longer required. The Society believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, the Society has elected, as part of its adoption of the revenue standard, to apply the optional exemption provided in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Throughout the year, rates may vary as determined by the city of New York and New York State, and the Society will record additional revenue resulting from a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration in the form of explicit or implicit price concessions and the Society considers these amounts in determination of the transaction price. The Society determines its estimates of explicit or implicit price concessions and contractual adjustments based on its historical collection experience.

Laws and regulations governing Medicaid programs are 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. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. The Society is not aware of any allegations of noncompliance that could have a material adverse effect on the financial statements and believes that it is in compliance with all applicable laws and regulations.

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As a practical expedient, the Society utilizes the portfolio approach for analyzing the revenue contracts in accordance with Topic 606. The Society accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Society considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Society believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Year ended June 30, 2024	
Government program services and Medicaid revenue (reciprocal transactions)	$ 27,593,378
Total Revenue Subject to ASC 606	27,593,378
Contributions	455,675
Interest and other income	778,777
Prior period income	57,818
Total Revenue Not Subject to ASC 606	1,292,270
Total Revenue	$ 28,885,648

The following table shows the Society's government program services and Medicaid revenue (reciprocal transactions) disaggregated by payor:

Year ended June 30, 2024	
City of New York Administration for Children's Services	$ 23,102,704
New York State Department of Health	3,375,594
Child and Adult Care Food Program	178,181
Human Resources Administration	936,899
Total	$ 27,593,378

The following table shows the Society's government program services and Medicaid revenue (reciprocal transactions) disaggregated by service line:

Year ended June 30, 2024	
Foster Care	$ 18,542,274
Preventive	5,424,486
Total	$ 23,966,760

Due to Funding Source

The Society receives substantially all of its revenue from services provided to approved clients from funding source reimbursement agencies, primarily ACS. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective funding source. The financial statement impact of such adjustments is recognized in the period in which the retroactive adjustment occurs or becomes known.

Operating Indicator

The gain from operations of the Society includes all revenue without donor restrictions; expenses, except for gifts and contributions without donor restrictions; interest and other income; and prior-year income (expense). These latter items, as applicable, are reflected as support and non-operating revenues separately stated in the accompanying statement of activities.

Functional Classification of Expenses

The cost of providing the Society's programs and other activities has been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited, based upon predetermined allocation rates. Management and general expenses include those costs that are not directly identifiable with any specific program, but that provide for the overall support and direction of the Society. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Society generally does not conduct its fundraising activities in conjunction with its other activities.

Certain categories of expenses are attributable to one or more program or supporting functions of the Society. Those expenses include depreciation and amortization, the administrative and executive offices, telephone expenses, personnel costs and general third-party processing expenses, and the information technology department. These expenses are attributable to more than one function and are allocated to the Society's programmatic functions for financial reporting purposes using square footage, head count, or time-study allocation methodologies, as determined by management.

Income Taxes

The Society was incorporated in the state of New York and is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). The Society has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Society does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Society has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Society has filed the IRS Form 990 tax return as required, and all other applicable returns in jurisdiction where so required. The Society is subject to routine audits by a taxing authority. As of June 30, 2024, the Society was not subject to any examination by a taxing authority.

Use of Estimates

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

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Accounting Pronouncement Recently Adopted

Financial Instruments - Credit Losses

ASU 2016-13 introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the Financial Accounting Standards Board (FASB) has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk.

On July 1, 2023, the Society adopted the guidance prospectively. There was no cumulative adjustment recorded. At adoption and at June 30, 2024, the Society did not recognize an incremental allowance for credit losses related to their accounts receivable balances.

3. Liquidity and Availability of Resources

The Society's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

June 30, 2024		
Cash and cash equivalents	$	26,467
Accounts receivable		6,707,958
Total Financial Assets Available Within One Year		6,734,425
Less amounts unavailable to management for general expenditures:		
Donor-imposed program restrictions		(214,006)
Total Financial Assets Available to Management for General Expenditures Within One Year	$	6,520,419

available as its general expenditures, liabilities, and other obligations come due. In addition, the Society has a line of credit available to use, if needed, which is further discussed in Note 9.

4. Accounts Receivable

The accounts receivable balance consists of the following:

June 30, 2024		
Foster Care Program	$	3,051,405
Health Services		504,986
Preventive Programs		2,196,984
Other		954,583
Total	$	6,707,958

5. Fixed Assets, Net

Fixed assets, net, consist of the following:

June 30, 2024		
Leasehold improvements	$	1,851,660
Furniture, fixtures, and equipment		622,473
Vehicles		45,000
		2,519,133
Less: accumulated depreciation and amortization		(1,387,237)
Add: construction in progress		776,467
Fixed Assets, Net	$	1,908,363

Depreciation and amortization expense was $115,563 for the year ended June 30, 2024. At June 30, 2024, there are approximately $278,070 of additional payments related to the completion of the construction in progress.

6. Due to Funding Source

Due to funding source consists of the following:

June 30, 2024		
Overpayments to be recouped from future periods' payments by ACS	$	427,946
Fair hearings overpayment by ACS		587,181
Due to ACS Foster Care Program		714,220
	$	1,729,347

7. Transactions with Affiliate

The Society is an affiliate of Friends of Seamen's Society (Friends), a not-for-profit corporation established to support and benefit the Society primarily through the ownership, development, management, and maintenance of real property used by the Society in furtherance of its organizational purposes.

Lease

Friends was established on August 7, 2000, to benefit the Society in the acquisition of the 50 Bay Street location and its ongoing related costs. Friends leases the facility located at 50 Bay Street to the Society under a lease agreement, which expires in November 2036. Rent charged by Friends per the agreement is $47,500 a month, which totaled $570,000 for the year ended June 30, 2024. At June 30, 2024, the balance on due to affiliate was $254,675.

Management Agreement

Friends entered into a management agreement (the Agreement) with the Society, effective January 1, 2014. Under the terms of the Agreement, the Society is reimbursed for a reasonable percentage of fundraising expenses incurred by the Society and shared costs associated with the fundraising department. The Society recorded the management fee in other income in the amount of $120,000 for the year ended June 30, 2024.

Guarantee

On September 27, 2017, Friends refinanced the International Development Association (IDA) issued Civic Facility Revenue Series 2004 bonds through Bridge Funding Group, Inc.: the Build NYC Resource Corporation Series A tax-exempt bond for the amount of $3,988,000, which matures on September 1, 2032. Additionally, in order to further secure the bonds, the Society has guaranteed these debts of Friends in the total amount of $2,542,667 at June 30, 2024. Should Friends default on its term loan debt payments, the Society is responsible for the payment. On an ongoing basis, the Society reviews its debt guarantees. The amounts drawn from Friends are not on the financial statements of the Society. The Society has determined under U.S. GAAP that the debts are to be reflected on the books of Friends. As a result, no liability was included in the accompanying statements of financial position related to the Society's obligations under this guarantee as management estimated Friends has the ability to pay its debts. In management's opinion, the underlying assets of Friends are sufficient to satisfy the debts.

8. Retirement Plan

The Society has a 403(b) plan that covers substantially all of the employees. Contributions are made to the individual accounts of the eligible employees, based upon a fixed percentage of their total eligible compensation. During the year ended June 30, 2024, the resulting expense was $512,999.

9. Debt

Line of Credit

On April 29, 2022, the Society has a renewed line-of-credit agreement with an available limit of $1,200,000 with BankUnited, N.A. The line of credit is secured by a first-priority security interest in all assets and personal property of the Society. All obligations of the Society were guaranteed by Friends, pursuant to the form of guaranty outlined in the Agreement. The line of credit bears an interest rate of the London Interbank Offered Rate (LIBOR), which was 7.73% as of June 30, 2024. On May 1, 2024, the line of credit was renewed for two years, maturing on May 1, 2026. In addition, the line of credit balance available to the Society was increased to $1,600,000. At June 30, 2024, the balance on the line of credit was $1,150,000. The provisions of the financing with the lender require the Society to establish and maintain certain financial covenants. At June 30, 2024, the Society is in compliance with the financial covenants.

Loans Payable

The Society received a total of $500,000 from an Economic Injury Disaster Loan, which was established by the CARES Act administered by the U.S. Small Business Administration (SBA). The interest is payable monthly starting in April 2023, and the principal amount is payable towards the end of its 30-year term, ending October 2050. The interest rate is set at 2.75% per annum. As of June 30, 2024, the balance of the loan is $510,893, including interest payable.

10. Leases

Effective July 1, 2022, the Society has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), the Society records the related right-of-use (ROU) assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Society is reasonably certain to exercise the option to extend the lease. The Society leases offices under operating leases in New York City through November 2036. These leases are deemed to be operating lease based on the underlying terms of the agreement and the criteria included in ASC 842. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the Society has elected to use the risk-free rate based on the information available at the lease inception date. The Society has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the Society accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and liabilities. The Society has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and liabilities in the statements of financial position.

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30, 2024		
Lease Costs		
Operating lease cost:		
Amortization of ROU assets	$	940,921
Interest on lease liabilities		222,468
Total Lease Cost	$	1,163,389

June 30, 2024	
ROU Assets and Liabilities	
Operating lease ROU assets, net of amortization	$ 6,903,824
Operating lease liabilities	6,937,172

Year ended June 30, 2024	
Other Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 928,744
Weighted-average remaining lease term – operating leases	10.96 years
Weighted-average discount rate – operating leases	3.04%

For operating leases, ROU assets are recorded in operating lease ROU assets, net and lease liabilities are recorded in operating lease liabilities in the accompanying statement of financial position.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of June 30, 2024:

Year ending June 30,	
2025	$ 941,400
2026	954,223
2027	919,716
2028	570,000
2029	570,000
Thereafter	4,227,500
Total Minimum Lease Payments	8,182,839
Less: amounts representing interest	1,245,667
Present Value of Net Minimum Lease Payments	6,937,172
Less: current portion	(740,460)
	$ 6,196,712

Rental expense under these leases was $995,716 for the year ended June 30, 2024.

11. Contingencies

Litigation

Various lawsuits against the Society may arise in the ordinary course of the Society's business. Contingent liabilities arising from ordinary course litigation and other matters are not expected to be material in relation to the financial position of the Society. At June 30, 2024, there were no material known contingent liabilities arising outside the normal course of business.

12. Net Assets with Donor Restrictions and Net Assets Released from Donor Restrictions

Net assets with donor restrictions consist of the following:

June 30, 2024		
Scholarships	$	33,853
Robert and Barbara Fitzsimmons Children and Family Fund at Seamen's Society		79,913
Staten Island Foundation		7,100
3-K and 4-K Programs		93,140
Total	$	214,006

During the year, net assets released from donor restrictions were as follows:

Year ended June 30, 2024		
Scholarships	$	21,000
Robert and Barbara Fitzsimmons Children and Family Fund at Seamen's Society		65,086
3-K and 4-K Programs		198,000
Total	$	284,086

13. Subsequent Events

The Society's management has performed subsequent events procedures through December 23, 2024, which is the date the financial statements were available to be issued, and there were no further subsequent events requiring adjustment to the financial statements or disclosures as stated herein.