THE PARENT-CHILD HOME PROGRAM, INC.
FINANCIAL STATEMENTS
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

TABLE OF CONTENTS

SATTY, LEVINE & CIACCO, CPAS, P.C.
Certified Public Accountants & Business Advisors
Since 1949...People...Relationships...Results.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Parent-Child Home Program, Inc.

We have audited the accompanying financial statements of The Parent-Child Home Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

125 Jericho Turnpike • Jericho, New York 11753 • 516-338-9500 • 516-338-8862 fax • www.satty.com
201 South Lake Avenue, Suite 507 • Pasadena, California 91101 • 626-304-9745 • 626-304-9749 fax

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Parent-Child Home Program, Inc. as of June 30, 2017, 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.

Emphasis-of-Matter Regarding Summarized Comparative Information

We have previously audited the The Parent-Child Home Program, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Satty, Levine & Ciacco CPAs PC

Satty, Levine & Ciacco, CPAs, P.C.
Jericho, New York
October 27, 2017

THE PARENT-CHILD HOME PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017
(With comparative totals for 2016)

	2017	2016
ASSETS:		
Cash and cash equivalents	$ 898,466	$ 944,301
Marketable securities	1,632,548	1,288,731
Prepaid expenses	69,667	22,000
Accounts receivable	82,734	65,243
Furniture and office equipment, net of accumulated depreciation of $69,245 and 67,109, respectively	4,702	6,838
Web site development and database costs, net	160,944	117,561
Video creation costs, net	20,349	27,317
Security deposit	16,645	16,122
TOTAL ASSETS	$ 2,886,055	$ 2,488,113
LIABILITIES:		
Accrued expenses and other liabilities	$ 35,069	$ 23,458
Deferred revenue	30,000	367,239
TOTAL LIABILITIES	65,069	390,697
NET ASSETS:		
Unrestricted net assets	2,253,986	2,097,416
Temporarily restricted net assets	567,000	-
TOTAL NET ASSETS	2,820,986	2,097,416
TOTAL LIABILITIES AND NET ASSETS	$ 2,886,055	$ 2,488,113

See independent auditors' report and notes to financial statements.

THE PARENT-CHILD HOME PROGRAM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With summarized comparative totals for 2016)

	2017			2016
	UNRESTRICTED	**TEMPORARILY RESTRICTED**	**TOTAL**	**TOTAL**
SUPPORT AND REVENUES				
SUPPORT				
Grants - Foundations	$ 2,201,616	$ 567,000	$ 2,768,616	$ 1,861,331
Grants - Government	47,877	-	47,877	90,293
Donations - United way	8,671	-	8,671	18,198
Donations - Individuals	141,285	-	141,285	168,942
Donations - Corporations	8,343	-	8,343	7,028
Donations - Bequests	35,000	-	35,000	70,000
TOTAL SUPPORT	2,442,792	567,000	3,009,792	2,215,792
REVENUES				
Training fees	89,250	-	89,250	108,250
Replication and material fees	30,917	-	30,917	30,094
Conference fees	32,649	-	32,649	35,824
Special events, net of direct costs of $130,351 and $170,317, respectively	232,684	-	232,684	268,662
Investment and other income	105,851	-	105,851	34,477
TOTAL REVENUE	491,351	-	491,351	477,307
TOTAL SUPPORT AND REVENUE	2,934,143	567,000	3,501,143	2,693,099
EXPENSES:				
Program	2,444,061	-	2,444,061	2,330,649
General and administrative	301,489	-	301,489	259,683
Fundraising	32,023	-	32,023	26,119
TOTAL EXPENSES	2,777,573	-	2,777,573	2,616,451
CHANGE IN NET ASSETS	156,570	567,000	723,570	76,648
NET ASSETS - Beginning of year	2,097,416	-	2,097,416	2,020,768
NET ASSETS - End of year	$ 2,253,986	$ 567,000	$ 2,820,986	$ 2,097,416

See independent auditors' report and notes to financial statements.

THE PARENT-CHILD HOME PROGRAM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(With summarized comparative totals for 2016)

	PROGRAM SERVICES					SUPPORT SERVICES			
	REPLICATION	TRAINING	OUTREACH	RESEARCH	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATION	FUNDRAISING	TOTAL 2017	TOTAL 2016
EXPENSES:									
Replication grants	$ 1,141,903	$ -	$ -	$ -	$ 1,141,903	$ -	$ -	$ 1,141,903	$ 1,142,402
Salaries	325,363	61,276	488,441	93,712	968,792	81,636	26,597	1,077,025	935,950
Payroll taxes	23,750	4,750	35,965	7,125	71,590	5,291	2,035	78,916	71,525
Professional fees	14,010	-	66,205	41,644	121,859	13,065	-	134,924	113,085
Rent	-	-	-	-	-	112,660	-	112,660	108,275
Conference expenses	30,898	-	300	-	31,198	-	-	31,198	37,265
Travel	4,822	-	12,633	2,434	19,889	453	-	20,342	19,970
Printing	90	321	1,817	-	2,228	295	-	2,523	3,316
Communications	-	-	-	-	-	-	-	-	20
Telephone and website fees	3,600	-	2,720	-	6,320	24,449	3,195	33,964	29,214
Postage and messenger	1,275	-	334	35	1,644	241	196	2,081	2,498
Supplies and office expenses	10,110	699	198	-	11,007	812	-	11,819	22,233
Technology project	1,630	-	-	403	2,033	-	-	2,033	1,528
Payroll processing expenses	-	-	-	-	-	2,987	-	2,987	3,648
Health insurance	-	-	-	-	-	33,385	-	33,385	23,904
Insurance	-	-	-	-	-	9,137	-	9,137	8,352
Depreciation and amortization	48,297	-	8,521	-	56,818	2,136	-	58,954	70,106
Training institute expenses	-	4,189	-	-	4,189	-	-	4,189	7,878
Events	-	-	3,803	-	3,803	-	-	3,803	4,337
Investment expense	-	-	-	-	-	10,537	-	10,537	10,354
Other	-	73	715	-	788	4,405	-	5,193	591
TOTAL EXPENSES	$ 1,605,748	$ 71,308	$ 621,652	$ 145,353	$ 2,444,061	$ 301,489	$ 32,023	$ 2,777,573	$ 2,616,451

See independent auditors' report and notes to financial statements.

THE PARENT-CHILD HOME PROGRAM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 723,570	$ 76,648
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	58,954	70,106
Realized and unrealized investment gains	(94,221)	(11,758)
Donated securities	(24,149)	-
Changes in assets and liabilities		
Accounts receivable	(17,491)	(45,888)
Prepaid expenses	(47,667)	23,875
Security deposits	(523)	(507)
Accrued expenses and other current liabilities	11,611	(80,557)
Deferred revenue	(337,239)	97,464
TOTAL ADJUSTMENTS	(450,725)	52,735
NET CASH PROVIDED BY OPERATING ACTIVITIES	272,845	129,383
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(285,071)	(32,838)
Proceeds from sale of marketable securities	59,624	32,325
Cash paid for website development costs	(93,233)	(10,087)
Acquisition of property and equipment	-	(14,902)
NET CASH USED IN INVESTING ACTIVITIES	(318,680)	(25,502)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(45,835)	103,881
CASH AND CASH EQUIVALENTS:		
Beginning of year	944,301	840,420
End of year	$ 898,466	$ 944,301

See independent auditors' report and notes to financial statements.

NOTE 1. ORGANIZATION AND BASIS OF ACCOUNTING AND PRESENTATION

A. ORGANIZATION

The Parent-Child Home Program, Inc., (the "Organization"), was incorporated under Section 402 of the Not-For-Profit Corporation law of New York State in November 1978. The Organization is exempt from tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization provides an early childhood school readiness program for families challenged by poverty, low levels of education, language and literacy barriers, and other obstacles to educational success. The program provides intensive home visiting – twice a week for two years – to families with 2 and 3 year-old children. Home visitors model, for the parent and child together, reading and verbal interaction activities. The program bridges the achievement gap for these children, developing critical literacy and language skills and preparing children to enter school ready to learn. The Organization's National Center was created to disseminate information, promote replication, provide training and technical assistance, and conduct research on the program nationally and internationally. Revenues are derived principally from training fees; support is derived primarily from grants from private foundations and public donations.

B. BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual method of accounting, in accordance with principles generally accepted in the United States. Contributions received and expenses incurred for future programs are deferred to the applicable year.

C. BASIS OF PRESENTATION

The accompanying financial statements reflect the accounts and activities of The Parent-Child Home Program, Inc. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board authoritative guidance on *Financial Statements of Not-for-Profit Organizations*. Under this guidance, The Parent-Child Home Program, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no interest or income taxes paid during the year ended June 30, 2017.

B. INVESTMENTS

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. ACCOUNTS RECEIVABLE AND ALLOWANCES
Accounts receivable are stated at the amount the Organization expects to collect.

The Organization uses the allowance method to determine uncollectible promises to give and other receivables. The allowance is based on prior years' experience and management's analysis. As of June 30, 2017, no allowance for uncollectible receivables was considered necessary.

D. PROPERTY AND EQUIPMENT
Building and equipment are stated at cost. Costs in excess of $500 and the value of donated property and equipment are capitalized at fair market value. Depreciation is provided on the straight-line method over the estimated useful life of the asset. The estimated useful lives of furniture and office equipment is 5-7 years. Depreciation expense was $2,136 and $1,667 for the years ended June 30, 2017 and June 30, 2016, respectively.

E. INTANGIBLE ASSETS
Website development and video creation costs are stated at cost less accumulated amortization. Amortization is computed on the straight-line basis over the estimated useful lives of the assets acquired, which range from 5-7 years.

F. CONTRIBUTIONS
The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board authoritative guidance on *Accounting for Contributions Received and Contributions Made*. In accordance with this guidance, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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 restriction. All restricted contributions where the restrictions are met in the same period as received are reported as unrestricted contributions.

G. REVENUE
The majority of the Organization's total revenues is received in the form of grant awards from various foundations and governmental agencies.

H. FUNCTIONAL EXPENSE ALLOCATION
Costs incurred in providing the various program and support services are summarized on a functional basis in the statement of activities. Accordingly, these costs have been allocated among the program and supporting services benefited.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. USE OF 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.

J. FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of quoted market prices in active markets or quoted prices for similar assets in active markets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Organization. There have been no changes in methodologies used at June 30, 2017 from the prior year.

Level 1 Fair Value Measurements

The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year-end.

The fair values of exchange traded funds and preferred stock are based on quoted market prices of the shares held by the Organization at year-end.

K. INCOME TAXES

The Parent-Child Home Program, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. As a not-fort-profit organization, the Organization is also exempt from New York State income taxes. The Organization recognizes the effect of tax positions only when they are more likely than not to be sustained. At June 30, 2017, the Organization did not have any unrecognized tax benefits or liabilities. Contributions to it are tax deductible within the limitations prescribed by the code. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2015, and 2014 are subject to examination by the IRS, generally for 3 years after they were filed.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. PRIOR YEAR INFORMATION

The statements of financial position, activities, functional expenses, and cash flows include certain prior year summarized comparative information in total but not by category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOTE 3. FAIR VALUE MEASUREMENTS

The Organization's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. The following table presents information and the Organization's assets and liabilities measured at fair value as of June 30, 2017 and 2016.

June 30, 2017

	Level 1	Total
Assets		
Mutual Funds		
Bonds	$ 831,647	$ 831,647
Equities	160,456	160,456
Managed Futures	21,534	21,534
Exchange Traded Funds	541,538	541,538
Preferred Stock	77,373	77,373
	$ 1,632,548	$ 1,632,548

June 30, 2016

	Level 1	Total
Assets		
Mutual Funds		
Bonds	$ 654,652	$ 654,652
Equities	139,511	139,511
Managed Futures	24,656	24,656
Exchange Traded Funds	405,049	405,049
Preferred Stock	64,863	64,863
	$ 1,288,731	$ 1,288,731

NOTE 4. INTANGIBLE ASSETS

A summary of the Organization's intangible assets with finite lives is presented below:

	Gross Amount	Accumulated Amortization	Net Amount
Website development costs			
Public	$ 28,090	$ 24,049	$ 4,041
Non-Public	26,820	13,072	13,748
Database	513,459	370,304	143,155
Video Creation costs	91,589	71,240	20,349
	$ 659,958	$ 478,665	$ 181,293

Intangibles amortization expense was $56,818 and $68,439 for the years ended June 30, 2017 and June 30, 2016, respectively. Estimated future amortization expense for intangible assets is as follows:

Years ending June 30,	Amount
2018	$ 61,914
2019	51,626
2020	34,376
2021	21,351
2022	12,026
	$ 181,293

NOTE 5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 are available for the following purposes:

Site Implementation Grant	$ 395,000
Operations - Fiscal Year 2017-2018	172,000
	$ 567,000

NOTE 6. RETIREMENT PLAN

The Organization adopted a 403(B) retirement plan on December 1, 2001, which covers all eligible employees. The employees have the option of contribution a percentage of their earnings up to a specified maximum and the Organization may contribute discretionary matching contributions to the plan. Organization contributed $14,139 and $7,242 to the plan for the year ended June 30, 2017 and 2016, respectively.

NOTE 7. COMMITMENTS

The Organization rents office space under a five year lease in Garden City, New York that expires August 31, 2017 and recently entered into a new five year lease agreement in September 2017 expiring in November 2022 for a location in Mineola, New York. Rent expense for the year ended June 30, 2017 and 2016 was approximately $112,660 and $108,275. Future minimum lease payments are as follows:

Years ending June 30,		Amount
2018	$	75,500
2019		87,975
2020		90,614
2021		93,333
2022		96,133
Thereafter		57,355
	$	500,910

NOTE 8. CONCENTRATION OF CREDIT RISK

The Organization maintains all of its cash and cash equivalents in high quality financial intuitions. Accounts at the institutions are insured by the Federal Depository Insurance Corporation ("FDIC"). The FDIC insured limits for the year ended June 30, 2017 was $250,000. At times, cash balances may exceed the insured limits. The Organization does not believe that it is exposed to significant credit risk in connection with cash and cash equivalents. The Organization does not have a material concentration of credit risk, with respect to accounts receivable, due to its generally short payment terms.

NOTE 9. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred through October 27, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. On September 11, 2017 the Organization executed a new rental lease agreement expiring in November 2022. The related disclosures have been updated for recognition of the commitment.