

**CONTACT COMMUNITY SERVICES, INC.**

**Financial Statements as of  
December 31, 2019  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

May 7, 2020

To the Board of Directors of  
Contact Community Services, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Contact Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## INDEPENDENT AUDITOR'S REPORT

(Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Contact Community Services, Inc. as of December 31, 2019, 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.

### **Change in Accounting Principle**

As described in Note 2 to the financial statements, Contact Community Services, Inc. implemented Accounting Standards Updates (ASU) ASU 2014-09 *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, and the effects have been included in these financial statements. Our opinion is not modified with respect to these matters.

### **Report on Summarized Comparative Information**

We have previously audited Contact Community Services, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2020 on our consideration of Contact Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Contact Community Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Contact Community Services, Inc.'s internal control over financial reporting and compliance.

# CONTACT COMMUNITY SERVICES, INC.

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 118,189	\$ 124,553
Grants receivable	417,486	379,663
Program service fee receivables	185,889	171,334
Prepaid expenses	<u>15,350</u>	<u>14,662</u>
Total current assets	<u>736,914</u>	<u>690,212</u>
INVESTMENTS	<u>629,202</u>	<u>534,042</u>
PROPERTY AND EQUIPMENT, net	<u>846,262</u>	<u>880,471</u>
Total assets	<u>\$ 2,212,378</u>	<u>\$ 2,104,725</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 58,889	\$ 116,810
Accrued expenses	144,963	157,199
Refundable advances	33,350	13,619
Deferred revenue	11,603	75,582
Long-term debt, current portion	<u>33,142</u>	<u>31,428</u>
Total current liabilities	<u>281,947</u>	<u>394,638</u>
LONG-TERM DEBT, net	<u>530,936</u>	<u>559,420</u>
Total liabilities	<u>812,883</u>	<u>954,058</u>
NET ASSETS:		
Without donor restrictions	1,334,183	1,150,667
With donor restrictions	<u>65,312</u>	<u>-</u>
Total net assets	<u>1,399,495</u>	<u>1,150,667</u>
Total liabilities and net assets	<u>\$ 2,212,378</u>	<u>\$ 2,104,725</u>

The accompanying notes are an integral part of these statements.

## CONTACT COMMUNITY SERVICES, INC.

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Totals for 2018)

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	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and revenue:		
Grants	\$ 3,442,156	\$ 3,205,394
Allocated by United Way of Central New York	216,126	191,062
Program service fees	1,386,841	1,317,772
Direct contributions	24,147	23,083
Investment income (loss), net of fees	96,376	(45,777)
Other income	-	5,317
	<hr/>	<hr/>
Total support and revenue	5,165,646	4,696,851
EXPENSES:		
Program services -		
Crisis intervention services	1,081,048	894,321
School services	3,234,557	3,278,207
Community based services	21,852	9,192
	<hr/>	<hr/>
Total program services	4,337,457	4,181,720
Supporting services -		
Management and general	610,901	571,775
Fundraising	33,772	21,800
	<hr/>	<hr/>
Total supporting services	644,673	593,575
Total expenses	<hr/>	<hr/>
	4,982,130	4,775,295
Changes in net assets without donor restrictions	<hr/>	<hr/>
	183,516	(78,444)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Grants	<hr/>	<hr/>
	65,312	-
Changes in net assets with donor restrictions	<hr/>	<hr/>
	65,312	-
CHANGES IN NET ASSETS	248,828	(78,444)
NET ASSETS - beginning of year	<hr/>	<hr/>
	1,150,667	1,229,111
NET ASSETS - end of year	<hr/>	<hr/>
	\$ 1,399,495	\$ 1,150,667

The accompanying notes are an integral part of these statements.

**CONTACT COMMUNITY SERVICES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

(With Comparative Totals for 2018)

	Program Services			Supporting Services			2019 Total Expenses	2018 Total Expenses	
	Crisis Intervention Services	School Services	Community Based Services	Total Program Services Expenses	Management and General	Fundraising			Total Supporting Services Expenses
EXPENSES:									
Salaries and related expenses	\$ 936,540	\$ 2,886,597	\$ 10,943	\$ 3,834,080	\$ 471,633	\$ 24,905	\$ 496,538	\$ 4,330,618	\$ 3,972,824
Supplies	27,890	154,565	8,184	190,639	17,014	2,990	20,004	210,643	327,324
Professional fees and contracts	20,931	53,863	-	74,794	51,471	2,516	53,987	128,781	102,921
Conferences and meetings	8,753	20,173	363	29,289	5,680	811	6,491	35,780	78,965
Telephone and data expense	24,112	21,933	249	46,294	5,980	326	6,306	52,600	41,468
Occupancy	13,292	20,086	1,106	34,484	9,750	706	10,456	44,940	48,248
Repairs and maintenance - equipment	10,869	16,799	405	28,073	18,327	475	18,802	46,875	59,254
Staff travel and student transportation	2,067	7,625	77	9,769	1,010	49	1,059	10,828	10,227
Insurance	5,699	8,441	264	14,404	6,221	166	6,387	20,791	19,842
Program publicity and promotion	361	2,909	-	3,270	-	-	-	3,270	8,718
Dues and subscriptions	1,440	1,350	-	2,790	2,000	-	2,000	4,790	4,380
Postage	336	223	12	571	820	335	1,155	1,726	2,232
Total expenses before depreciation and interest	1,052,290	3,194,564	21,603	4,268,457	589,906	33,279	623,185	4,891,642	4,676,403
Depreciation	16,712	22,264	144	39,120	10,253	451	10,704	49,824	61,143
Interest	12,046	17,729	105	29,880	10,742	42	10,784	40,664	37,749
Total	\$ 1,081,048	\$ 3,234,557	\$ 21,852	\$ 4,337,457	\$ 610,901	\$ 33,772	\$ 644,673	\$ 4,982,130	\$ 4,775,295

The accompanying notes are an integral part of these statements.

## CONTACT COMMUNITY SERVICES, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Totals for 2018)

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	<u>2019</u>	<u>2018</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 248,828	\$ (78,444)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	49,824	61,143
Amortization of debt issuance costs	4,656	4,656
Unrealized (gain) loss on investments	(80,163)	57,748
Realized gain on investments	(7,465)	(6,073)
Changes in:		
Grants receivable	(37,823)	(51,751)
Program service fee receivables	(14,555)	(1,161)
Prepaid expenses	(688)	(1,336)
Accounts payable	(72,336)	1,724
Accrued expenses	(12,236)	48,291
Refundable advances	19,731	43,129
Deferred revenue	(63,979)	-
Net cash flow from operating activities	<u>33,794</u>	<u>77,926</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(64,622)	(123,386)
Proceeds from sale of investments	57,090	118,207
Purchase of property and equipment	(1,200)	-
Net cash flow from investing activities	<u>(8,732)</u>	<u>(5,179)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(31,426)	(30,775)
Net cash flow from financing activities	<u>(31,426)</u>	<u>(30,775)</u>
CHANGE IN CASH	(6,364)	41,972
CASH - beginning of year	<u>124,553</u>	<u>82,581</u>
CASH - end of year	<u>\$ 118,189</u>	<u>\$ 124,553</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 36,008</u>	<u>\$ 33,093</u>

#### SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:

The Organization purchased building improvements of \$14,415 which is included in accounts payable at December 31, 2019.

The accompanying notes are an integral part of these statements.

# CONTACT COMMUNITY SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Comparative Totals for 2018)

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### 1. ORGANIZATION

Contact Community Services, Inc. (the Organization) helps individuals and organizations create positive personal and social change to improve the quality of lives in Central New York. The Organization is a recognized leader in fostering healthy emotional development in the community. The Organization offers resources and expertise that builds upon the strengths of the diverse individuals and organizations it serves.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Change in Accounting Principles**

##### ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). ASC 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Organization adopted ASC 606 as of January 1, 2019, using a modified retrospective application. There was no effect on total net assets or change in net assets.

##### ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

During 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to other guidance. Changes resulting from the adoption of ASU 2018-08 were made on a modified prospective basis during the year of adoption and therefore, had no effect on the financial position or results of operations for the year ended December 31, 2018. If this standard was implemented on a retrospective basis, the Organization would have recognized \$9,775 of additional revenue during 2018. In 2019, there was no material effect on total net assets or changes in net assets.

#### **Comparative Information**

The financial statements include certain prior year summarized comparative information, but not by functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was obtained.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial Reporting

The Organization reports its activities and the related net assets using the following categories:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions include resources that are available for the support of the Organization's operating activities.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions include resources that have been donated to the Organization subject to restrictions as defined by the donor. The satisfaction of these restrictions is reflected as net assets released from restrictions in the statement of activities. There were \$65,312 of net assets with donor restrictions as of December 31, 2019. There were no net assets with donor restrictions as of December 31, 2018.

### Cash

Cash includes demand deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to its cash.

### Grants Receivable and Revenue

The Organization receives grants to assist in carrying out its programs from federal, state, and local government grants. Unconditional grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. The Organization has adopted a policy whereby all government and other contracts be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Conditional grants were received with the following conditions as of December 31:

	<u>2019</u>
Meeting requirements as required by <i>OMB</i>	
<i>Compliance Supplement</i>	\$ 1,548,618
Operating 2-1-1 program	<u>80,196</u>
	<u>\$ 1,628,814</u>

Grants receivable represent amounts due to the Organization under grant agreements where conditions were substantially met at year end. Additionally, included within grants receivable is \$65,312 of unconditional restricted grants receivable which is due expected to be received in 2020. Receivables are stated at the amount management expects to collect from outstanding balances. The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been recorded at December 31, 2019 and 2018. If amounts become uncollectable, they will be charged to bad debt expense when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

### Program Service Fee Receivables and Revenue

ASC 606 outlines a five-step framework for recognizing revenue from exchange transactions. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Organization's accounting policies related to revenues subject to ASC 606 as set forth below.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Program Service Fee Receivables and Revenue (Continued)**

#### Program Service Fee Receivables

Prior to the adoption of ASC 606, the Organization provided an allowance for doubtful accounts based on the customer's ability to pay for services provided. Amounts due from customers were written off when they were determined to be uncollectible. After the adoption of ASC 606, the Organization reviews individual contracts, at the time of performance, in order to determine estimated uncollectible amounts due from customers and records these implicit price concessions as a direct reduction to revenue. Based on this, the Organization determined there are no implicit price concessions.

#### Program Service Fees Revenue

Program service fees revenue is related to fee for service contracts with customers to provide training, consultation services and educational programs. Program service fees are set by contracts established with customers. Program service fees revenue is recognized at the point in time the program is provided for short-term programs and over time for long-term programs.

#### Deferred Revenue

Deferred revenue, a contract liability, is recorded for program service fees revenue received from exchange transactions in which performance obligations have not been met.

### **Fair Value Measurement**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization uses various valuation techniques in determining fair value. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about how market participants would price the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and market corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Fair Value Measurement (Continued)**

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

There were no changes in valuation techniques in 2019 or 2018.

### **Investments**

The fair value of exchange traded funds, common stock and mutual funds are based on quoted prices in an open market. The fair value of bonds are determined by entering standard inputs into a pricing model. Money market funds are recorded at cost. Investment income (including realized and unrealized (loss) gain on investments and interest) is included in the change in net assets.

Investment securities are exposed to various risks, such as interest rate, market economic conditions, world affairs and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the net assets of the Organization.

### **Expendable Equipment**

As the grantors have a reversionary interest in the underlying assets and ownership is not with the Organization, furniture and equipment purchased with grant funds are charged to expense when incurred. During 2019 and 2018, there was no furniture and equipment purchased with grant funds.

### **Property and Equipment**

Property and equipment is recorded at cost if purchased or fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally five (5) to thirty (30) years. When property is retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recorded in the statement of activities. The Organization capitalizes items over \$1,000 and have a useful life of greater than one year. Expenses for repairs and maintenance are charged to expense as incurred.

### **Debt Issuance Costs**

Debt issuance costs, which represent the cost of obtaining certain financing, are being amortized using the straight-line method over the term of the mortgage, which approximates the effective interest method. Debt issuance costs are presented net with the long-term debt on the statement of financial position. The costs are recognized as interest expense on the statement of functional expenses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Contributed Services

Contributions of services are recognized as revenues when they create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. The Organization receives services from volunteers within the community. However, no amounts have been recognized in the accompanying statement of activities for contributed services because the criteria for recognition of such volunteer efforts have not been satisfied.

### Allocation of Certain Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. The costs are charged on a direct basis, where possible. Certain categories of expenses are attributable to one or more program or supporting functions. Those expenses include payroll and benefits, depreciation and occupancy related costs. Payroll and benefits are allocated based on time spent in the various programs in accordance with time and effort reports completed by employees. Depreciation and occupancy related expenses are allocated based on square footage used.

### Income Tax Status

The Organization is a not-for-profit tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified by the Internal Revenue Service as not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

### Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

### Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the current year presentation.

## 3. LIQUIDITY

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 118,189	\$ 124,553
Grants receivable	417,486	379,663
Program service fee receivables	185,889	171,334
Investments	<u>629,202</u>	<u>534,042</u>
Financial assets, at year end	1,350,766	1,209,592
Less those unavailable for general expenditures within one year, due to:		
Purpose restricted grants	<u>(65,312)</u>	<u>-</u>
Total amounts available for general expenditures within one year	<u>\$ 1,285,454</u>	<u>\$ 1,209,592</u>

### 3. LIQUIDITY (Continued)

The Organization has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's ability to meet its cash needs is dependent on timely collection of its grants and program service fee receivables. In addition, the Organization has a \$500,000 committed line of credit which could be drawn upon in the event of an unanticipated liquidity need.

### 4. INVESTMENTS

Investments consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 113,553	\$ 116,785
Exchange traded funds	255,670	153,572
Common stocks	216,448	190,630
Mutual funds	9,510	-
Bonds	<u>34,021</u>	<u>73,055</u>
	<u>\$ 629,202</u>	<u>\$ 534,042</u>

### 5. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 255,670	\$ -	\$ -	\$ 255,670
Common stocks	216,446	-	-	216,446
Mutual funds	9,510	-	-	9,510
Bonds	<u>-</u>	<u>34,021</u>	<u>-</u>	<u>34,021</u>
Total	<u>\$ 481,626</u>	<u>\$ 34,021</u>	<u>\$ -</u>	<u>\$ 515,647</u>

The following are measured at fair value on a recurring basis at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 153,572	\$ -	\$ -	\$ 153,572
Common stocks	190,630	-	-	190,630
Bonds	<u>-</u>	<u>73,055</u>	<u>-</u>	<u>73,055</u>
Total	<u>\$ 344,202</u>	<u>\$ 73,055</u>	<u>\$ -</u>	<u>\$ 417,257</u>

## 6. PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Building	\$ 1,105,204	\$ 1,105,204
Furniture and equipment	102,610	102,610
Building improvements	<u>70,615</u>	<u>55,000</u>
	1,278,429	1,262,814
Less: Accumulated depreciation	<u>(432,167)</u>	<u>(382,343)</u>
Total	<u>\$ 846,262</u>	<u>\$ 880,471</u>

## 7. LINE OF CREDIT

At December 31, 2019 and 2018, the Organization had an available a line of credit of \$500,000 and \$250,000, respectively. The line of credit has a zero balance, is payable on demand at prime plus .5% (5.25% at December 31, 2019 and 6.0% at December 31, 2018) and contains a financial covenant that was met for the year ended December 31, 2019.

## 8. LONG-TERM DEBT

The Organization is indebted for a mortgage payable in principal and interest payments of \$5,445 through March 2033. Interest is payable at a fixed rate of 4.0% for the first five years and then the rate is variable, calculated as the Federal Home Loan Bank ("FHLB") rate plus 2.25%, never to be less than 4%. The interest rate adjusted on March 27, 2018 to current FHLB rate plus 2.25%. On March 27, 2023 and March 27, 2028, the interest rate will adjust to the then FHLB rate plus 2.25%. The outstanding principal balance of the loan at December 31, 2019 was \$620,346 net of unamortized debt issuance costs of \$56,268. The outstanding principal balance of the loan at December 31, 2018 was \$651,772, net of unamortized debt issuance costs of \$60,924.

As a condition of the long-term debt, the Organization is required to maintain a financial covenant. At December 31, 2019, the Organization was in compliance with its required financial covenant.

The loan is secured by a building with a net book value of \$830,473 and \$868,046 at December 31, 2019 and 2018, respectively.

## 8. LONG-TERM DEBT (Continued)

Future maturities of long-term debt at December 31:

2020	\$	33,142
2021		34,947
2022		36,852
2023		38,861
2024		40,979
Thereafter		<u>435,565</u>
		620,346
Less: Unamortized debt issuance costs		<u>(56,268)</u>
	\$	<u>564,078</u>

## 9. RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan covering all employees. The plan includes a salary deferral provision as defined by Internal Revenue Code Section 401(k). The employees electing to participate may defer a percentage of their annual salary not to exceed the statutory limit. For employees who are at least 21 years old and have completed one year of service, the Organization provides a contribution based upon management's discretion. Contributions to the plan, net of plan forfeitures, were \$50,495 and \$46,084 for the years ended December 31, 2019 and 2018, respectively, and are included in salaries and related expense on the statement of functional expenses.

## 10. COMMITMENTS AND CONTINGENCIES

### Commitments

The Organization leases certain office equipment with non-cancellable lease terms through 2021. Total rent expense was \$14,801 and \$17,977 in 2019 and 2018, respectively.

Future minimum lease payments required under the terms of these non-cancelable leases are as follows for the year ended December 31:

2020	\$	18,552
2021		18,552
2022		17,847
2023		15,732
Thereafter		<u>19,665</u>
Total	\$	<u>90,348</u>

### Third-Party Payers

Third-party payers, especially governmental funders, have substantially increased their scrutiny of payments made to their designated service providers. Specific areas for review by the governmental payers and their investigative personnel include appropriate billing practices, reimbursement maximization strategies, technical regulation compliance, etc. The stated purpose for these reviews is to recover reimbursements that the payers believe may have been inappropriate.

## **10. COMMITMENTS AND CONTINGENCIES (Continued)**

### **Third-Party Payers (Continued)**

The Organization has reviewed its internal records and policies with respect to such matters. However, due to the nature of these matters, it is difficult to estimate the ultimate liability, if any, which may incur related to such matters.

## **11. SUBSEQUENT EVENTS**

### **Novel Coronavirus**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID – 19 on a national, regional and local level are unknown, but it has resulted in a significant economic impact to many organizations in the near term.

In May 2020, the Organization entered into an unsecured promissory note payable to a bank in the amount of approximately \$890,000. This note was entered into by the Organization as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The PPP provides for this borrowing, or a portion of the borrowing, to be forgiven to the extent the Organization meets defined requirements related to expenditure of the funds and management of the Organization's personnel complement. Through the date the financial statements were available to be issued, the Organization is unable to determine the amount of potential loan forgiveness. If no forgiveness is granted, the terms of this agreement require the Organization to make monthly principal payments of approximately \$50,000, including interest at 1%, from November 2020 through April 2022.

The overall impact of the emergency regulatory changes and the general National, State and Region economic turmoil caused by COVID-19 on the Organization and their future results and financial position is not presently determinable.

### **Investment Valuation**

Subsequent to year end there has been substantial volatility in the United States financial markets. As a result, it is likely that the value of the Organization's investments have declined since year end.

Subsequent events have been evaluated through May 7, 2020, the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

May 7, 2020

To the Board of Directors of  
Contact Community Services, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Contact Community Services, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2020.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Contact Community Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

May 7, 2020

To the Board of Directors of  
Contact Community Services, Inc.:

**Report on Compliance for Each Major Federal Program**

We have audited Contact Community Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Contact Community Services, Inc.'s major federal programs for the year ended December 31, 2019. Contact Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Contact Community Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Contact Community Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Contact Community Services, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Contact Community Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

**Report on Internal Control Over Compliance**

Management of Contact Community Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Contact Community Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Contact Community Services, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly this report is not suitable for any other purpose.

**CONTACT COMMUNITY SERVICES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditure</u>
U.S. Department of Education:					
Pass-through from:					
Liverpool Central School District:					
Twenty-First Century Community Learning Centers	84.287	7/1/18-6/30/19	LCSD-21 Century	\$ 940,884	\$ 471,770
Twenty-First Century Community Learning Centers	84.287	7/1/19-6/30/20	LCSD-21 Century	<u>884,830</u>	<u>468,113</u>
Subtotal - U.S. Department of Education				<u>1,825,714</u>	<u>939,883</u>
U.S. Department of Health and Human Services:					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance					
	93.243	5/31/19 - 5/31/20	SM082086	336,192	118,525
Pass-through from:					
National Suicide Prevention Lifeline					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance					
	93.243	01/01/19 - 4/30/19	NSPL	64,076	41,476
Mental Health Association of NYS:					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance					
	93.243	9/30/18 - 9/29/19	Zero Suicide -Adult	60,000	60,000
Substance Abuse and Mental Health Services - Projects of Regional and National Significance					
	93.243	9/30/19 - 9/29/20	Zero Suicide -Adult	50,000	12,500
Research Foundation for Mental Hygiene, Inc.:					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance					
	93.243	9/30/19 - 9/29/20	Zero Suicide -Child	<u>25,000</u>	<u>12,500</u>
				<u>535,268</u>	<u>245,001</u>
Onondaga County Department of Mental Health:					
Block Grants for Prevention and Treatment of Substance Abuse					
	93.959	1/1/19 - 12/31/19	CON190002	<u>432,134</u>	<u>432,134</u>
Research Foundation for Mental Hygiene, Inc.:					
Opioid STR					
	93.788	5/1/18 - 4/30/19	26655	53,000	29,812
Opioid SOR					
	93.788	9/30/18 - 9/29/19	27052	247,000	77,742
Opioid SOR					
	93.788	9/30/19 - 9/29/20	27052	<u>251,833</u>	<u>61,776</u>
				<u>551,833</u>	<u>169,330</u>
Subtotal - U.S. Department of Health and Human Services				<u>1,519,235</u>	<u>846,465</u>
Total				<u>\$ 3,344,949</u>	<u>\$ 1,786,348</u>

The accompanying notes are an integral part of this schedule.

## **CONTACT COMMUNITY SERVICES, INC.**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019**

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#### **1. BASIS OF PRESENTATION**

The information in this accompanying schedule of expenditures of federal awards (the Schedule) is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting in accordance with GAAP. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. INDIRECT COST**

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **4. SUBRECIPIENTS**

The Organization does not have any subrecipients of federal awards.

**CONTACT COMMUNITY SERVICES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2019**

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**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified?  yes  no  
Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?  yes  no  
Significant deficiencies identified?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

Identification of major programs:

<u>CFDA Number</u>	<u>Program Title</u>
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee  yes  no

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

**D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None

**CONTACT COMMUNITY SERVICES, INC.**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2019**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**FINDINGS - FEDERAL AWARD PROGRAMS AUDIT**

None