

CONTACT COMMUNITY SERVICES, INC.

**Financial Statements as of
December 31, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

May 5, 2022

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

Report on the Audit of the Financial Statements

Opinion

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, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Contact Community Services, Inc. as of December 31, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Contact Community Services, Inc. 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 Contact Community Services, Inc.'s ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

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Auditor's Responsibility 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 generally accepted auditing standards and *Government Auditing Standards* will always detect material misstatements 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 controls 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 Contact Community Services, Inc.'s 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 judgement there are conditions or events, considered in the aggregate, that raise substantial doubt about Contact Community Services, Inc.'s 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 Contact Community Services, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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INDEPENDENT AUDITOR'S REPORT

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Supplementary 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 schedule of expenditures of federal awards 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 5, 2022 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, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 672,664	\$ 1,493,111
Program service fee receivables	441,669	333,052
Grants receivable	382,215	227,029
Prepaid expenses	66,438	31,632
Total current assets	<u>1,562,986</u>	<u>2,084,824</u>
INVESTMENTS	<u>740,764</u>	<u>678,271</u>
PROPERTY AND EQUIPMENT, net	<u>789,040</u>	<u>809,896</u>
Total assets	<u>\$ 3,092,790</u>	<u>\$ 3,572,991</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 126,105	\$ 187,934
Accrued expenses	243,825	171,621
Refundable advances	102,044	724,616
Long-term debt, current portion	36,854	34,948
Total current liabilities	<u>508,828</u>	<u>1,119,119</u>
LONG-TERM DEBT, net	<u>468,449</u>	<u>500,645</u>
Total liabilities	<u>977,277</u>	<u>1,619,764</u>
NET ASSETS:		
Without donor restrictions	<u>2,115,513</u>	<u>1,953,227</u>
Total net assets	<u>2,115,513</u>	<u>1,953,227</u>
Total liabilities and net assets	<u>\$ 3,092,790</u>	<u>\$ 3,572,991</u>

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and revenue -		
Grants	\$ 3,965,232	\$ 3,243,798
Prior year revenue	282,714	-
Allocated by United Way of Central New York	176,000	93,812
Program service fees	1,202,772	998,411
Direct contributions	40,844	23,953
Investment income, net of fees	64,329	53,293
Paycheck protection program grant income	-	543,985
Other income	3,500	1,610
Net assets released from restrictions	<u>-</u>	<u>65,312</u>
Total support and revenue	<u>5,735,391</u>	<u>5,024,174</u>
EXPENSES:		
Program services -		
Crisis intervention services	2,076,325	1,423,282
School services	2,804,820	2,393,279
Community based services	<u>-</u>	<u>31,590</u>
Total program services	<u>4,881,145</u>	<u>3,848,151</u>
Supporting services -		
Management and general	681,901	544,730
Fundraising	<u>10,059</u>	<u>12,249</u>
Total supporting services	<u>691,960</u>	<u>556,979</u>
Total expenses	<u>5,573,105</u>	<u>4,405,130</u>
Changes in net assets without donor restrictions	<u>162,286</u>	<u>619,044</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Net assets released from restrictions	<u>-</u>	<u>(65,312)</u>
Changes in net assets with donor restrictions	<u>-</u>	<u>(65,312)</u>
CHANGES IN NET ASSETS	162,286	553,732
NET ASSETS - beginning of year	<u>1,953,227</u>	<u>1,399,495</u>
NET ASSETS - end of year	<u>\$ 2,115,513</u>	<u>\$ 1,953,227</u>

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

(With Comparative Totals for 2020)

	Program Services			Supporting Services			2021 Total Expenses	2020 Total Expenses
	Crisis Intervention Services	School Services	Total Program Services Expenses	Management and General	Fundraising	Total Supporting Services Expenses		
EXPENSES:								
Salaries and related expenses	\$ 1,563,469	\$ 2,507,369	\$ 4,070,838	\$ 477,135	\$ 5,971	\$ 483,106	\$ 4,553,944	\$ 3,732,855
Supplies	26,044	127,854	153,898	27,765	709	28,474	182,372	182,034
Professional fees and contracts	274,950	4,011	278,961	62,799	2,789	65,588	344,549	216,827
Conferences and meetings	57,688	73,206	130,894	2,629	3	2,632	133,526	8,548
Telephone and data expense	56,388	31,694	88,082	10,480	87	10,567	98,649	54,203
Occupancy	21,594	11,781	33,375	7,383	-	7,383	40,758	46,232
Repairs and maintenance - equipment	18,937	16,366	35,303	51,678	134	51,812	87,115	54,121
Staff travel and student transportation	-	770	770	31	-	31	801	2,476
Insurance	12,374	6,709	19,083	7,500	-	7,500	26,583	25,448
Program publicity and promotion	113	1,496	1,609	13,679	-	13,679	15,288	629
Dues and subscriptions	5,185	2,546	7,731	6,802	335	7,137	14,868	16,510
Postage	344	139	483	220	31	251	734	1,403
Total expenses before depreciation and interest	2,037,086	2,783,941	4,821,027	668,101	10,059	678,160	5,499,187	4,341,286
Depreciation	20,764	10,856	31,620	7,246	-	7,246	38,866	38,266
Interest	18,475	10,023	28,498	6,554	-	6,554	35,052	25,578
Total	\$ 2,076,325	\$ 2,804,820	\$ 4,881,145	\$ 681,901	\$ 10,059	\$ 691,960	\$ 5,573,105	\$ 4,405,130

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 162,286	\$ 553,732
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	38,866	38,266
Amortization of debt issuance costs	4,656	4,656
Unrealized loss (gain) on investments	34,200	(56,605)
Realized (gain) loss on investments	(96,696)	11,140
Changes in:		
Program service fee receivables	(108,617)	(147,163)
Grants receivable	(155,186)	190,457
Prepaid expenses	(34,806)	(16,282)
Accounts payable	(61,829)	129,045
Accrued expenses	72,204	26,658
Refundable advances	(622,572)	691,266
Deferred revenue	-	(11,603)
Net cash flow from operating activities	<u>(767,494)</u>	<u>1,413,567</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(709,699)	(535,759)
Proceeds from sale of investments	709,702	532,155
Purchase of property and equipment	<u>(18,010)</u>	<u>(1,900)</u>
Net cash flow from investing activities	<u>(18,007)</u>	<u>(5,504)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on long-term debt	<u>(34,946)</u>	<u>(33,141)</u>
Net cash flow from financing activities	<u>(34,946)</u>	<u>(33,141)</u>
CHANGE IN CASH	(820,447)	1,374,922
CASH - beginning of year	<u>1,493,111</u>	<u>118,189</u>
CASH - end of year	<u>\$ 672,664</u>	<u>\$ 1,493,111</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 30,396</u>	<u>\$ 20,922</u>

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

(With Comparative Totals for 2020)

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).

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, 2020, from which the summarized information was obtained.

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 no net assets with donor restrictions as of December 31, 2021 and December 31, 2020.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Program Service Fee Receivables

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.

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>2021</u>	<u>2020</u>
Meeting requirements as required by OMB		
<i>Compliance Supplement</i>	\$ 1,729,573	\$ 1,327,027
Operating 2-1-1 program	<u>93,993</u>	<u>-</u>
	<u>\$ 1,823,566</u>	<u>\$ 1,327,027</u>

Grants receivable represent amounts due to the Organization under grant agreements where conditions were substantially met at year end. 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, 2021 and 2020. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Year Revenue

During 2021, the Organization received notification from the New York State Office of Addiction Services and Supports (OASAS) that federal Novel Coronavirus (COVID-19) funds received would not be considered a source of revenue on OASAS contracts. As a result, the Organization recognized grant receivable and prior year revenue in the amount of \$282,714 as of December 31, 2021.

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.

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 2021 or 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and certificates of deposit are recorded at cost plus accrued interest. Investment income (including realized and unrealized gain (loss) on investments and interest) is included in changes 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 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 2021 and 2020, 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to a virus, commonly known as COVID-19. The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Organization and its results and financial position is not presently determinable.

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>2021</u>	<u>2020</u>
Cash	\$ 672,664	\$ 1,493,111
Program service fee receivables	441,669	333,052
Grants receivable	382,215	227,029
Investments	<u>740,764</u>	<u>678,271</u>
Total amounts available for general expenditures within one year	<u>\$ 2,237,312</u>	<u>\$ 2,731,463</u>

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>2021</u>	<u>2020</u>
Money market funds	\$ 72,009	\$ 30,917
Exchange traded funds	328,399	295,914
Common stocks	192,939	243,483
Mutual funds	10,586	41,902
Bonds	90,522	18,925
Certificates of deposit	<u>46,309</u>	<u>47,130</u>
	<u>\$ 740,764</u>	<u>\$ 678,271</u>

5. FAIR VALUE MEASUREMENTS

The following are measured at fair value on a recurring basis at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 328,399	\$ -	\$ -	\$ 328,399
Common stocks	192,939	-	-	192,939
Mutual funds	10,586	-	-	10,586
Bonds	<u>-</u>	<u>90,522</u>	<u>-</u>	<u>90,522</u>
Total	<u>\$ 531,924</u>	<u>\$ 90,522</u>	<u>\$ -</u>	<u>\$ 622,446</u>

The following are measured at fair value on a recurring basis at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 295,914	\$ -	\$ -	\$ 295,914
Common stocks	243,483	-	-	243,483
Mutual funds	41,902	-	-	41,902
Bonds	<u>-</u>	<u>18,925</u>	<u>-</u>	<u>18,925</u>
Total	<u>\$ 581,299</u>	<u>\$ 18,925</u>	<u>\$ -</u>	<u>\$ 600,224</u>

6. PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Building	\$ 1,107,104	\$ 1,107,104
Furniture and equipment	120,620	102,610
Building improvements	<u>70,615</u>	<u>70,615</u>
	1,298,339	1,280,329
Less: Accumulated depreciation	<u>(509,299)</u>	<u>(470,433)</u>
Total	<u>\$ 789,040</u>	<u>\$ 809,896</u>

7. LINE OF CREDIT

At December 31, 2021 and 2020, the Organization has an available a line of credit of \$500,000. The line of credit has a zero balance, is payable on demand at prime plus .5% (3.75% at December 31, 2021 and 2020, respectively) and contains a financial covenant that was met for the year ended December 31, 2021.

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, 2021 was \$552,259 net of unamortized debt issuance costs of \$46,956. The outstanding principal balance of the loan at December 31, 2020 was \$587,205, net of unamortized debt issuance costs of \$51,612.

As a condition of the long-term debt, the Organization is required to maintain a financial covenant. At December 31, 2021 and 2020, the Organization was in compliance with its required financial covenant.

The loan is secured by a building with a net book value of \$757,841 and \$793,066 at December 31, 2021 and 2020, respectively.

Future maturities of long-term debt at December 31:

2022	\$	36,854
2023		38,878
2024		40,998
2025		43,233
2026		45,590
Thereafter		<u>346,706</u>
		552,259
Less: Unamortized debt issuance costs		<u>(46,956)</u>
	\$	<u><u>505,303</u></u>

9. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In May 2020, the Organization entered into an arrangement with a bank under the Paycheck Protection Program (PPP) and received \$889,600. This arrangement was evidenced by a loan agreement that included provisions whereby the loan balance can be fully or partially forgiven based on the Organization’s use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements in accordance with the requirements of the PPP program. The Organization elected to account for the PPP arrangement as a conditional contribution, and revenue of \$543,985 was recorded in 2020 as the conditions meeting the requirements for forgiveness were met. The remaining balance of \$345,615 was recorded as part of refundable advances in the accompanying statement of financial position as of December 31, 2020. During 2021, the Organization received notification from the U.S. Small Business Administration (SBA) that \$543,985 of the original balance was forgiven. The remaining \$345,615 balance of the PPP arrangement was paid back during 2021.

10. 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 \$49,867 and \$53,248 for the years ended December 31, 2021 and 2020, respectively, and are included in salaries and related expense on the statement of functional expenses.

11. COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases certain office equipment with non-cancellable lease terms through 2025. Total rent expense was \$18,552 in 2021 and 2020.

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

2022	\$	18,552
2023		16,437
2024		15,732
2025		<u>3,933</u>
Total	\$	<u>54,654</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.

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.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 5, 2022, 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 5, 2022

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, 2021, 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 5, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies 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)

Report on 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 financial statements. 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 organization'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 organization'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 5, 2022

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Contact Community Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2021. Contact Community Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Contact Community Services, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Contact Community Services, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Contact Community Services, Inc.'s federal programs.

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

(Continued)

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Contact Community Services, Inc.'s compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Contact Community Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Contact Community Services, Inc.'s compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Contact Community Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Contact Community Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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 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.

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 (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CONTACT COMMUNITY SERVICES, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing 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:					
New York State Department of Education					
Twenty-First Century Community Learning Centers	84.287	7/1/21-6/30/22	LCSD-21 Century	\$ 940,684	\$ 467,961
Twenty-First Century Community Learning Centers	84.287	7/1/20-6/30/21	LCSD-21 Century	884,830	403,524
Subtotal - U.S. Department of Education				<u>1,825,514</u>	<u>871,485</u>
U.S. Department of Health and Human Services:					
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	7/31/20-11/30/22	FG000423	799,561	491,453
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5/31/21 - 5/31/22	SM82086	366,192	141,440
	93.243	5/31/20 - 5/31/21	SM82086	366,192	162,499
Pass-through from:					
Mental Health Association of NYS:					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	9/30/21 - 9/29/22	Zero Suicide -Adult	50,000	8,085
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	9/30/20 - 9/29/21	Zero Suicide -Adult	50,000	25,335
Research Foundation for Mental Hygiene, Inc.:					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	6/30/21 - 6/29/22	Zero Suicide -Child	52,400	12,080
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	6/30/20 - 6/29/21	Zero Suicide -Child	50,000	15,543
				<u>934,784</u>	<u>364,982</u>
Onondaga County Department of Mental Health:					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1/01/21 - 12/31/21	CON200006	448,836	448,836
Research Foundation for Mental Hygiene, Inc.:					
Block Grants for Community Mental Health Services	93.958	10/1/21-9/30/22	Research Foundation	141,750	31,710
Subtotal - U.S. Department of Health and Human Services				<u>2,324,931</u>	<u>1,336,981</u>
U.S. Department of Housing and Urban Development:					
Pass-through from:					
Onondaga County Department of Social Services					
Continuum of Care Program	14.267	4/19/21-7/19/21	CON210007	10,000	10,000
Subtotal - U.S. Department of Housing and Urban Development				<u>10,000</u>	<u>10,000</u>
Total				<u>\$ 4,160,445</u>	<u>\$ 2,218,466</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, 2021

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes federal grant activity of Contact Community Services, Inc., and is presented on the accrual basis of accounting. 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, 2021**

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:

**Assistance
Listing
Number**

Program Title

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, 2021**

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

None