CONTACT COMMUNITY SERVICES, INC.

Financial Statements as of
December 31, 2023
Together with
Independent Auditor's Report and
Single Audit Reports

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

May 2, 2024

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. (the Organization) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, 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 the Organization as of December 31, 2023, 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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 a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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 score 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 the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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
(Continued)

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 2, 2024, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Bonadio & Co., LLP

CONTACT COMMUNITY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(With Comparative Totals for 2022)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 5,110,301	$ 863,091
Program service fee receivables	306,770	359,828
Grants receivable	342,783	458,469
Prepaid expenses	53,201	24,136
Total current assets	5,813,055	1,705,524
INVESTMENTS	743,095	645,645
PROPERTY AND EQUIPMENT, net	749,219	794,870
OPERATING LEASE RIGHT-OF-USE ASSETS	23,580	40,258
Total assets	$ 7,328,949	$ 3,186,297
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 159,225	$ 82,319
Accrued expenses	259,097	225,164
Refundable advances	1,413,092	134,061
Long-term debt, current portion	40,145	38,862
Current portion of operating lease liabilities	16,995	16,679
Total current liabilities	1,888,554	497,085
DUE TO NEW YORK STATE	2,483,994	-
LONG-TERM DEBT, net current portion	400,170	434,245
OPERATING LEASE LIABILITIES, net current portion	6,585	23,579
Total liabilities	4,779,303	954,909
NET ASSETS	2,549,646	2,231,388
Total liabilities and net assets	$ 7,328,949	$ 3,186,297

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	2023	2022
SUPPORT AND REVENUE:		
Grants	$ 4,489,511	$ 3,995,244
Allocated by United Way of Central New York	105,292	228,000
Program service fees	1,344,977	1,161,494
Direct contributions	26,373	29,882
Net investment income (loss)	166,060	(90,858)
Other income	18,607	5,500
Total support and revenue	6,150,820	5,329,262
EXPENSES:		
Program services -		
Crisis intervention services	2,678,529	2,007,852
School services	2,346,144	2,458,657
Total program services	5,024,673	4,466,509
Supporting services -		
Management and general	796,297	728,540
Fundraising	11,592	18,338
Total supporting services	807,889	746,878
Total expenses	5,832,562	5,213,387
CHANGES IN NET ASSETS	318,258	115,875
NET ASSETS - beginning of year	2,231,388	2,115,513
NET ASSETS - end of year	$ 2,549,646	$ 2,231,388

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	Program Services			Supporting Services			Total	
	Crisis Intervention Services	School Services	Total	Management and General	Fundraising	Total	2023	2022
EXPENSES:								
Salaries and related expenses	$ 2,181,906	$ 2,120,920	$ 4,302,826	$ 526,737	$ 6,119	$ 532,856	$ 4,835,682	$ 4,449,394
Supplies	152,277	49,431	201,708	34,150	1,576	35,726	237,434	100,332
Professional fees and contracts	56,624	19,634	76,258	133,625	3,067	136,692	212,950	234,266
Conferences and meetings	7,994	68,296	76,290	6,795	75	6,870	83,160	88,544
Telephone and data expense	76,775	23,996	100,771	7,857	108	7,965	108,736	89,402
Occupancy	34,337	15,223	49,560	11,736	230	11,966	61,526	54,965
Repairs and maintenance - equipment	84,004	18,026	102,030	28,980	70	29,050	131,080	60,053
Staff travel and student transportation	500	1,971	2,471	430	-	430	2,901	2,850
Insurance	12,793	5,572	18,365	11,454	87	11,541	29,906	26,035
Program publicity and promotion	22,493	4,173	26,666	6,539	-	6,539	33,205	21,233
Dues and subscriptions	1,438	351	1,789	11,612	-	11,612	13,401	7,999
Postage	571	61	632	1,547	-	1,547	2,179	1,440
Depreciation	27,135	10,169	37,304	8,222	125	8,347	45,651	43,483
Interest	19,682	8,321	28,003	6,613	135	6,748	34,751	33,391
	$ 2,678,529	$ 2,346,144	$ 5,024,673	$ 796,297	$ 11,592	$ 807,889	$ 5,832,562	$ 5,213,387

The accompanying notes are an integral part of these statements.

CONTACT COMMUNITY SERVICES, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Comparative Totals for 2022)

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 318,258	$ 115,875
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Unrealized (gain) loss on investments	(67,665)	78,966
Realized (gain) loss on investments	(13,209)	21,474
Depreciation	45,651	43,483
Amortization of debt issuance costs	4,656	4,656
Changes in:		
Program service fee receivables	53,058	81,841
Grants receivable	115,686	(76,254)
Prepaid expenses	(29,065)	42,302
Accounts payable	76,906	(43,786)
Accrued expenses	33,933	(18,661)
Due to New York State	2,483,994	-
Refundable advances	1,279,031	32,017
Net cash flow from operating activities	4,301,234	281,913
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	764,321	(938,963)
Proceeds from sale of investments	(780,897)	933,642
Purchase of property and equipment	-	(49,313)
Net cash flow from investing activities	(16,576)	(54,634)
CASH FLOW FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(37,448)	(36,852)
Net cash flow from financing activities	(37,448)	(36,852)
CHANGE IN CASH	4,247,210	190,427
CASH - beginning of year	863,091	672,664
CASH - end of year	$ 5,110,301	$ 863,091
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 30,095	$ 28,735

The accompanying notes are an integral part of these statements.

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, 2022, from which the summarized information was obtained.

Recently Adopted Accounting Guidance
Accounting Standards Codification Topic 326 *Financial Instruments – Credit Losses* (ASC 326) requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective January 1, 2023, the Organization adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. The new accounting pronouncement did not have a material impact on the financial statements.

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 no net assets with donor restrictions as of December 31, 2023 and 2022.

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.

Program Service Fee Receivables and Revenue

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.

Program Service Fee Receivables

The Organization reviews individual contracts, at the time of performance, in order to determine estimated uncollectible amounts due from customers. The Organization calculates an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of the Organization's historical losses relative to gross receivables. As of December 31, 2023 and 2022, the Organization determined, as a result of historically low charge-offs and stable current and expected future economic conditions, that an allowance for credit losses is not considered necessary.

Program service fee receivables amounted to $306,770, $359,828, and $441,669 at December 31, 2023, 2022, and 2021, respectively.

Grants Receivable and Revenue

The Organization receives grants to assist in carrying out its programs from federal, state, and local government agencies and other organizations. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable and Revenue (Continued)

Conditional grants were received with the following conditions that were not yet met as of December 31:

	2023	2022
Meeting requirements as required by OMB *Compliance Supplement*	$ 573,254	$ 251,187
Operating 2-1-1 program	228,301	175,192
	$ 801,555	$ 426,379

A receivable is recognized to the extent support exceeds cash advances. Amounts received in advance of related costs being incurred and the related services provided are recorded as refundable advances in the accompanying statement of financial position. 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 credit loss has been recorded at December 31, 2023 and 2022. If amounts become uncollectable, they will be charged to credit loss when the determination is made. Unpaid balances remaining after the stated payment terms are considered past due.

Fair Value

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 are 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 are 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 are based on inputs that are unobservable and significant to the overall fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value (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 2023 or 2022.

Investments

The fair value of exchange traded funds, common stocks, mutual funds, and U.S. Treasury bonds are based on quoted prices in an open market. The fair value of corporate 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 (loss), 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 2023 and 2022, 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 5 to 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 $5,000 and have a useful life of greater than one year. Expenses for repairs and maintenance are charged to expense as incurred.

Leases

The Organization determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when the Organization is reasonably certain to exercise these options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)
For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

The Organization elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable and to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Certain lease agreements include rental payments based on usage. Variable lease costs are excluded from the measurement of the ROU asset and lease liability and are expensed in the period incurred.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Due to New York State
Due to New York State represents amounts due to New York State advanced in excess of the amount eligible for reimbursement.

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 amortization of these 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 salaries and relates expenses, depreciation, and occupancy related costs. Salaries and related expenses 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 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.

3. LIQUIDITY

The Organization’s financial assets available within one year of the statement of financial position date for general expenditure were as follows at December 31:

	2023	2022
Cash	$ 5,110,301	$ 863,091
Program service fee receivables	306,770	359,828
Grants receivable	342,783	458,469
Investments	743,095	645,645
	$ 6,502,949	$ 2,327,033

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:

	2023	2022
Money market funds	$ 23,700	$ 65,790
Exchange traded funds	398,043	317,223
Common stocks	211,292	140,588
Mutual funds	24,616	17,152
Corporate bonds	15,685	15,202
U.S. Treasury bonds	-	19,752
Certificates of deposit	69,759	69,938
	$ 743,095	$ 645,645

5. FAIR VALUE MEASUREMENTS

The following investments are measured at fair value on a recurring basis using the following input levels at December 31, 2023:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 398,043	$ -	$ -	$ 398,043
Common stocks	211,292	-	-	211,292
Mutual funds	24,616	-	-	24,616
Corporate bonds	-	15,685	-	15,685
	$ 633,951	$ 15,685	$ -	$ 649,636

The following are measured at fair value on a recurring basis using the following input levels at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Exchange traded funds	$ 317,223	$ -	$ -	$ 317,223
Common stocks	140,588	-	-	140,588
Mutual funds	17,152	-	-	17,152
Corporate bonds	-	15,202	-	15,202
U.S. Treasury bonds	19,752	-	-	19,752
	$ 494,175	$ 15,202	$ -	$ 509,917

6. PROPERTY AND EQUIPMENT

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

	2023	2022
Building	$ 1,151,399	$ 1,151,399
Furniture and equipment	125,638	125,638
Building improvements	70,615	70,615
	1,347,652	1,347,652
Less: Accumulated depreciation	(598,433)	(552,782)
	$ 749,219	$ 794,870

7. LEASES

The Organization leases certain office equipment with non-cancellable lease terms through 2025 which have been classified as operating leases.

The components of total lease cost for the years ended December 31, were as follows:

	2023	2022
Operating lease cost	$ 16,995	$ 16,995
Short-term lease costs	$ 2,100	$ 1,908

7. LEASES (Continued)

Variable lease costs paid to or on behalf of the lessor, consist of maintenance, services, and supplies.

Supplemental cash flow information related to leases for the year ended December 31, are as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 16,995	$ 16,995
ROU assets obtained in exchange for lease obligations:		
Operating leases	$ -	$ 56,773

Other information related to operating leases as of December 31, are as follows:

	2023	2022
Weighted-average remaining lease term:	1.59 years	2.51 years
Weighted-average discount rate:	1.07%	1.03%

Maturities of operating lease liabilities are as follows for the years ended December 31:

2024	$ 16,995
2025	5,196
2026	1,263
2027	316
	23,770
Less: Interest	(190)
Total present value of lease liabilities	23,580
Less: Current portion	(16,995)
Long-term portion of lease liabilities	$ 6,585

8. LINE OF CREDIT

At December 31, 2023 and 2022, the Organization has an available a line of credit of $500,000. Amounts borrowed are payable on demand and bear interest at prime plus .5% (9.00% and 8.00% at December 31, 2023 and 2022, respectively). The line of credit contains a financial covenant that was met for the years ended December 31, 2023 and 2022.

9. LONG-TERM DEBT

The Organization has a mortgage payable in principal and interest payments of $5,690 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, 2023, to the current FHLB rate plus 2.25%. The outstanding principal balance of the loan at December 31, 2023, was $477,959, net of unamortized debt issuance costs of $37,644. The outstanding principal balance of the loan at December 31, 2022, was $515,407, net of unamortized debt issuance costs of $42,300.

As a condition of the mortgage payable, the Organization is required to maintain a financial covenant. At December 31, 2023 and 2022, the Organization was in compliance with its required financial covenant.

The loan is secured by a building with a net book value of $722,520 and $761,855 at December 31, 2023 and 2022, respectively.

Future maturities of the mortgage payable are as follows for the years ending December 31:

2024	$ 40,145
2025	42,359
2026	45,102
2027	48,022
2028	54,441
Thereafter	247,890
	477,959
Less: Unamortized debt issuance costs	(37,644)
	$ 440,315

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 $51,748 and $42,665 for the years ended December 31, 2023 and 2022, respectively, and are included in salaries and related expense on the statement of functional expenses.

11. COMMITMENTS AND CONTINGENCIES

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.

11. COMMITMENTS AND CONTINGENCIES

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 2, 2024, the date the financial statements were available to be issued.

Bonadio & Co., LLP
Certified Public Accountants

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 2, 2024

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) (the Organization), which comprise the statement of financial position as of December 31, 2023, 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 2, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 were not identified.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

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(Continued)

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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 the Organization'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.

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

May 2, 2024

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 (the Organization) 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 the Organization's major federal programs for the year ended December 31, 2023. The Organization'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, the Organization 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, 2023.

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 the Organization 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 the Organization'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 the Organization's federal programs.

432 North Franklin Street, #60
Syracuse, NY 13204
p (315) 476-4004
f (315) 254-2384

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(Continued)

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 the Organization'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 the Organization'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 the Organization's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization'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 the Organization'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.

Bonadio & Co., LLP

CONTACT COMMUNITY SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Program or Award Amount	Federal Expenditure
U.S. Department of Education:					
Pass-through from:					
North Syracuse Central School District -					
Twenty-First Century Community Learning Centers	84.287	7/01/22 - 6/30/23	NSCSD-21 Century	$ 75,000	$ 35,736
Twenty-First Century Community Learning Centers	84.287	7/01/23 - 6/30/24	NSCSD-21 Century	75,000	34,574
				150,000	70,310
Pass-through from:					
Fayetteville-Manilus School District -					
COVID-19 - American Rescue Plan - Elementary and Secondary Schools Emergency Relief (ARP ESSER)	84.425U	8/01/22 - 7/31/23	FM SSIS	92,702	54,298
Total - U.S. Department of Education				242,702	124,608
U.S. Department of Health and Human Services:					
Congressional Directives	93.493	9/30/23 - 9/29/24	H79FG000979	134,947	76,552
Pass-through from:					
Research Foundation for Mental Hygiene, Inc. -					
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	7/01/22 - 6/30/23	Zero Suicide -Child	35,000	4,497
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	7/01/23 - 6/30/24	Zero Suicide -Child	20,000	4,607
				55,000	9,104
Pass-through from:					
Onondaga County Department of Children and Family Services -					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1/01/23 - 12/31/23	CON230003	526,012	511,673
New York State Office of Addicition Services and Supports -					
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	3/15/21 - 6/14/23	CFA0098-T	38,012	25,059
				564,024	536,732
Pass-through from:					
Onondaga County Department of Children and Family Services -					
Injury Prevention and Control Research and State and Community Based Programs	93.136	1/01/23 - 12/31/23	CON230005	30,000	30,000
Pass-through from:					
Onondaga County Department of Children and Family Services -					
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	93.421	1/01/23 - 12/31/23	CON230005	51,213	51,213
Pass-through from:					
New York State Office of Mental Health -					
Block Grants for Community Mental Health Services	93.958	4/30/22 - 4/29/23	N/A	277,525	42,813
Block Grants for Community Mental Health Services	93.958	4/30/23 - 4/29/24	N/A	277,525	32,595
				555,050	75,408
Total - U.S. Department of Health and Human Services				1,390,234	779,009
U.S. Department of Treasury:					
Pass-through from:					
City of Syracuse -					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	7/1/22-12/31/23	SLFRP2647	80,000	53,610
Total - U.S. Department of Treasury				80,000	53,610
				$ 1,712,936	$ 957,227

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, 2023

1. BASIS OF PRESENTATION

The schedule of expenditures of federal awards (the Schedule) includes federal grant activity of Contact Community Services, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in 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* (Uniform Guidance). 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, change 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 accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Amounts included in the Schedule are actual expenditures for the year ended December 31, 2023. Differences between amounts included in the Schedule and amounts reported to funding agencies for these programs result from report timing.

3. INDIRECT COST

The Organization has elected not to use the 10% 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, 2023

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
93.959	Block Grants for Prevention and Treatment of Substance Abuse

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