

**CENTER FOR COMMUNITY ALTERNATIVES**

**Financial Statements as of  
December 31, 2015 and 2014  
Together with  
Independent Auditor's Report**

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

# CENTER FOR COMMUNITY ALTERNATIVES

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## INDEPENDENT AUDITOR'S REPORT

July 19, 2016

To the Board of Directors of  
Center for Community Alternatives:

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

We have audited the accompanying financial statements of Center for Community Alternatives, a New York non-profit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Community Alternatives as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Other Matters***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2016, on our consideration of Center for Community Alternatives' 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 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 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 Center for Community Alternatives' internal control over financial reporting and compliance.

# CENTER FOR COMMUNITY ALTERNATIVES

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 45,508	\$ 14,475
Grants and contracts receivable, net	2,453,179	2,363,580
Client specific planning receivables	12,085	26,169
Prepaid expenses and other current assets	<u>26,151</u>	<u>26,946</u>
Total current assets	<u>2,536,923</u>	<u>2,431,170</u>
PROPERTY:		
Furniture and equipment	204,504	178,655
Less: accumulated depreciation	<u>169,520</u>	<u>166,009</u>
Property - net	<u>34,984</u>	<u>12,646</u>
SECURITY DEPOSITS	<u>145,121</u>	<u>145,121</u>
Total	<u>\$ 2,717,028</u>	<u>\$ 2,588,937</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Short-term bank borrowings	\$ 174,928	\$ 389,858
Current portion of long-term debt	66,600	398,000
Accounts payable	417,531	363,983
Accrued payroll and payroll taxes	282,056	252,860
Deferred revenue	<u>280,565</u>	<u>142,033</u>
Total current liabilities	1,221,680	1,546,734
LONG-TERM DEBT, net of current portion	<u>266,400</u>	<u>-</u>
Total liabilities	1,488,080	1,546,734
NET ASSETS - UNRESTRICTED	<u>1,228,948</u>	<u>1,042,203</u>
Total	<u>\$ 2,717,028</u>	<u>\$ 2,588,937</u>

The accompanying notes are an integral part of these statements.

# CENTER FOR COMMUNITY ALTERNATIVES

## STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
SUPPORT AND REVENUE:		
Public Grants and Contract Support:		
City of New York	\$ 1,510,482	\$ 1,566,639
New York State Division of Criminal Justice Services	1,478,101	932,900
New York State Department of Health	1,039,262	984,146
U.S. Department of Labor	471,378	1,395,492
U.S. Department of Health and Human Services, Substance Abuse & Mental Health Services Administration (SAMHSA)	686,508	822,494
U.S. Department of Justice, Office of Justice Programs	20,221	107,569
New York State Department of Correctional Services	44,584	45,084
New York City Department of Probation	267,571	251,718
New York City Department of Youth & Community Development	112,208	-
New York State Department of Education	91,472	95,750
Syracuse City School District (SCSD)	748,092	382,065
New York State Office of Court Administration - CASA Programming	29,707	22,217
New York State Office of Alcoholism and Substance Abuse Services (OASAS)	265,345	216,591
New York State Office of Children and Family Services	63,541	52,940
Onondaga County Department of Social Services	75,537	128,599
Onondaga County Department of Probation	120,202	155,959
National Court Appointed Special Advocates	18,618	31,548
City of Syracuse, New York	57,785	30,909
Public Health Solutions (PHS)/MHRA, Inc.	-	24,512
Enterprise Community Partners	-	19,282
	<hr/>	<hr/>
Total public grants and contract support	7,100,614	7,266,414
Foundation Support:		
Soros Foundation	170,206	166,951
Other foundations	18,750	3,500
	<hr/>	<hr/>
Total foundation support	188,956	170,451
	<hr/>	<hr/>
Total support	7,289,570	7,436,865
Other Revenue and Contracts:		
Client specific planning	108,796	25,377
United Way of Central New York	205,507	185,982
Frank H. Hiscock Legal Aid Society	4,700	9,400
John Jay College of Criminal Justice - CUNY	-	544,765
Fortune Society - Castle Replication Project	10,000	-
Miscellaneous revenue	37,710	52,765
Contributions	63,098	56,841
Interest income	4	102
	<hr/>	<hr/>
Total other revenue and contracts	429,815	875,232
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Total support and revenue	7,719,385	8,312,097

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**CENTER FOR COMMUNITY ALTERNATIVES**

**STATEMENTS OF ACTIVITIES (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
EXPENSES:		
Program Services:		
New York State Demonstration/Client Specific Planning	\$ 201,034	\$ 179,827
Crossroads	462,371	349,577
SAMHSA Programs	658,016	727,713
Youth Advocacy Program - Syracuse	412,131	463,417
Syracuse City School District	595,365	305,571
Youth Advocacy Program - New York City	393,798	334,994
New York City - After School/ATD - Community Monitoring	488,756	420,660
Young Adult Services - New York City	253,499	792,652
New York State Department of Health	508,614	515,522
Family Court Client Specific Planning	151,857	157,819
Court Appointed Special Advocates	64,728	102,467
NYC Youth & Community Development	101,722	-
Public Health Solutions - Co-Factors / EIP	-	19,425
Raise the Age Campaign	14,473	-
U.S. Dept. of Labor - Parent Success Initiative	434,381	1,387,283
NYS OASAS/Medicaid	181,865	111,822
Re-entry Related Services	585,912	257,006
Rochester Recovery Community	303,080	361,956
Syracuse Recovery Community	16,341	-
Soros Open Society Institute	<u>110,196</u>	<u>154,691</u>
Total program services	5,938,139	6,642,402
Management and general	<u>1,594,501</u>	<u>1,401,162</u>
Total expenses	<u>7,532,640</u>	<u>8,043,564</u>
CHANGE IN NET ASSETS	186,745	268,533
NET ASSETS - beginning of year	<u>1,042,203</u>	<u>773,670</u>
NET ASSETS - end of year	<u>\$ 1,228,948</u>	<u>\$ 1,042,203</u>

The accompanying notes are an integral part of these statements.

CENTER FOR COMMUNITY ALTERNATIVES

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	New York State Demonstration/ CSP	Crossroads	SAMHSA Programs	Youth Advocacy Program - Syracuse	Syracuse City School District	Youth Advocacy Program - New York City	New York City - After School/ATD - Community Monitoring
Salaries:							
Staff	\$ 146,299	\$ 200,656	\$ 341,541	\$ 260,414	\$ 449,363	\$ 140,823	\$ 281,367
Participants	-	-	-	-	-	-	-
Payroll taxes and employee benefits:							
Staff	41,309	51,184	77,671	50,635	96,220	33,334	67,971
Participants	-	-	-	-	-	-	-
Total salaries and related expenses	187,608	251,840	419,212	311,049	545,583	174,157	349,338
Client costs/Research honoraria	-	286	942	7,585	-	2,090	11,226
Consulting fees and subcontractors	-	-	105,367	27,641	1,725	-	-
Stipends	-	-	-	6,592	-	-	-
Professional fees	-	-	-	-	773	-	-
Office expense	2,921	7,187	13,830	9,452	3,752	14,227	17,522
Telephone expense	873	3,607	10,535	4,803	6,659	8,383	12,607
Postage and delivery	596	452	809	2,399	-	305	360
Rent	1,760	134,581	82,583	20,122	18,636	145,161	72,890
Utilities	197	13,029	7,499	1,268	4,046	13,162	7,142
Equipment rental, maintenance and purchases	-	-	-	-	-	5,282	-
Insurance	-	-	-	-	-	4,879	-
Travel	6,928	48,944	758	9,523	13,296	18,680	70
Training and seminars	38	420	66	106	308	230	-
Depreciation expense	-	-	-	-	-	-	-
Program supplies	-	1,776	16,086	10,680	71	6,212	16,971
Miscellaneous expense	-	-	-	300	-	-	-
Building maintenance	-	169	169	-	-	771	399
Interest expense	-	-	-	-	-	-	-
Recruiting expense	113	80	160	340	380	259	231
Bad debt expense	-	-	-	-	-	-	-
Relocation expense	-	-	-	-	-	-	-
Background checks	-	-	-	271	136	-	-
Total functional expenses	\$ 201,034	\$ 462,371	\$ 658,016	\$ 412,131	\$ 595,365	\$ 393,798	\$ 488,756



<u>Young Adult Services - New York City</u>	<u>New York State Department of Health</u>	<u>Family Court Client Specific Planning</u>	<u>Court Appointed Special Advocates</u>	<u>NYC Youth &amp; Community Development</u>	<u>Raise the Age Campaign</u>	<u>U.S. Dept. Labor - Parent Success Initiative</u>	<u>NYS OASAS / Medicaid</u>
\$ 108,838	\$ 315,447	\$ 67,175	\$ 47,036	\$ 28,461	\$ 11,328	\$ 181,529	\$ 67,733
-	-	-	-	-	-	-	-
25,213	104,197	20,952	7,869	4,146	1,278	69,063	16,452
-	-	-	-	-	-	-	-
134,051	419,644	88,127	54,905	32,607	12,606	250,592	84,185
4,373	1,338	341	3,305	29,392	-	1,610	-
76,000	-	-	-	30,205	-	151,041	46,273
13,210	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,754	4,023	4,083	1,685	1,072	1,108	2,560	833
3,808	6,561	8,491	272	31	-	1,927	877
234	88	302	55	7	-	1,560	8
16,521	49,422	44,505	23	5,396	-	10,650	36,000
1,100	7,603	4,235	10	600	-	486	3,397
-	-	-	-	-	-	-	86
-	-	-	-	-	-	-	-
-	12,474	773	3,320	-	731	8,010	-
830	1,785	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,618	4,516	140	1,153	2,036	-	377	10,206
-	-	-	-	-	-	5,568	-
-	242	747	-	-	-	-	-
-	-	-	-	-	-	-	-
-	918	113	-	376	28	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 253,499</u>	<u>\$ 508,614</u>	<u>\$ 151,857</u>	<u>\$ 64,728</u>	<u>\$ 101,722</u>	<u>\$ 14,473</u>	<u>\$ 434,381</u>	<u>\$ 181,865</u>

**CENTER FOR COMMUNITY ALTERNATIVES**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Re-entry Related Services</u>	<u>Rochester Recovery Community</u>	<u>Syracuse Recovery Community</u>	<u>Soros Open Society Institute</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries:							
Staff	\$ 273,048	\$ 169,986	\$ 13,125	\$ 67,999	\$ 3,172,168	\$ 646,181	\$ 3,818,349
Participants	112,207	-	-	-	112,207	-	112,207
Payroll taxes and employee benefits:							
Staff	86,529	49,031	1,420	15,708	820,182	207,527	1,027,709
Participants	<u>26,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,954</u>	<u>-</u>	<u>26,954</u>
Total salaries and related expenses	498,738	219,017	14,545	83,707	4,131,511	853,708	4,985,219
Client costs/Research honoraria	5,319	683	913	16	69,419	-	69,419
Consulting fees and subcontractors	22,477	-	-	12,700	473,429	99,699	573,128
Stipends	9,000	999	-	-	29,801	100	29,901
Professional fees	75	58	-	-	906	80,303	81,209
Office expense	5,442	10,299	-	1,848	103,598	84,108	187,706
Telephone expense	4,606	4,599	61	602	79,302	22,463	101,765
Postage and delivery	1,278	90	-	168	8,711	7,588	16,299
Rent	17,115	20,340	-	-	675,705	79,789	755,494
Utilities	848	-	-	-	64,622	59,236	123,858
Equipment rental, maintenance and purchases	-	-	-	-	5,368	5,586	10,954
Insurance	-	2,324	-	-	7,203	107,355	114,558
Travel	10,255	40,042	158	11,128	185,090	47,055	232,145
Training and seminars	3,000	125	-	-	6,908	1,067	7,975
Depreciation expense	-	-	-	-	-	4,898	4,898
Program supplies	3,439	4,084	664	-	80,029	252	80,281
Miscellaneous expense	4,007	-	-	-	9,875	38,791	48,666
Building maintenance	-	-	-	-	2,497	3,815	6,312
Interest expense	-	-	-	-	-	28,893	28,893
Recruiting expense	313	420	-	27	3,758	23,127	26,885
Bad debt expense	-	-	-	-	-	46,600	46,600
Relocation expense	-	-	-	-	-	-	-
Background checks	-	-	-	-	407	68	475
Total functional expenses	<u>\$ 585,912</u>	<u>\$ 303,080</u>	<u>\$ 16,341</u>	<u>\$ 110,196</u>	<u>\$ 5,938,139</u>	<u>\$ 1,594,501</u>	<u>\$ 7,532,640</u>

The accompanying notes are an integral part of these statements

**CENTER FOR COMMUNITY ALTERNATIVES**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	New York State Demonstration/ CSP	Crossroads	SAMHSA Programs	Youth Advocacy Program - Syracuse	Syracuse City School District	Youth Advocacy Program - New York City	New York City Afterschool/ATD - Community Monitoring
Salaries:							
Staff	\$ 118,792	\$ 162,284	\$ 370,468	\$ 289,774	\$ 232,218	\$ 75,343	\$ 247,037
Participants	-	-	-	-	-	-	-
Payroll taxes and employee benefits:							
Staff	36,833	32,725	76,217	68,186	45,015	16,560	52,144
Participants	-	-	-	-	-	-	-
<b>Total salaries and related expenses</b>	<b>155,625</b>	<b>195,009</b>	<b>446,685</b>	<b>357,960</b>	<b>277,233</b>	<b>91,903</b>	<b>299,181</b>
Client costs/Research honoraria	-	-	14,652	15,948	-	195	11,146
Consulting fees and subcontractors	-	850	120,625	20,773	-	150	3,150
Stipends	-	-	-	4,193	-	-	-
Professional fees	-	-	-	-	-	-	-
Office expense	4,443	4,745	15,857	3,775	5,202	6,941	11,767
Telephone expense	644	3,102	10,823	3,461	2,917	5,131	12,090
Postage and delivery	539	201	3,054	881	100	388	477
Rent	1,310	91,440	87,000	19,409	10,380	172,143	69,081
Utilities	495	5,580	4,139	3,770	3,047	33,407	4,783
Equipment rental, maintenance and purchases	-	-	-	-	150	3,965	-
Insurance	-	-	-	-	-	-	-
Travel	5,708	47,763	3,280	17,889	6,270	16,091	43
Training and seminars	-	-	834	75	-	150	-
Depreciation expense	-	-	-	-	-	-	-
Program supplies	-	728	19,998	14,399	-	4,036	8,489
Miscellaneous expense	-	-	-	135	-	-	-
Building maintenance	-	159	326	-	-	278	385
Interest expense	-	-	-	-	-	-	-
Recruiting expense	80	-	440	-	-	80	-
Bad debt expense	10,915	-	-	-	-	-	-
Relocation expense	-	-	-	-	-	-	-
Background checks	68	-	-	749	272	136	68
<b>Total functional expenses</b>	<b>\$ 179,827</b>	<b>\$ 349,577</b>	<b>\$ 727,713</b>	<b>\$ 463,417</b>	<b>\$ 305,571</b>	<b>\$ 334,994</b>	<b>\$ 420,660</b>

Young Adult Services - New York City	New York State Department of Health	Family Court Client Specific Planning	Court Appointed Special Advocates	Public Health Solutions - Co-Factors/EIP	Raise the Age Campaign	U.S. Dept. Labor - Parent Success Initiative	NYS OASAS / Medicaid
\$ 337,564	\$ 307,831	\$ 70,008	\$ 75,651	\$ 9,508	\$ -	\$ 458,558	\$ 64,315
-	-	-	-	-	-	166,114	-
79,751	97,397	25,644	9,703	5,146	-	157,040	15,479
-	-	-	-	-	-	148,642	-
417,315	405,228	95,652	85,354	14,654	-	930,354	79,794
5,017	4,705	-	-	60	-	12,943	85
199,900	-	-	-	-	-	362,145	26,922
55,685	576	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,763	1,235	829	4,572	88	-	11,206	399
10,927	6,459	4,710	640	98	-	4,377	366
1,054	459	98	-	-	-	1,682	-
65,865	61,410	50,908	25	-	-	21,125	-
3,622	10,467	3,825	-	-	-	1,496	-
-	-	-	2,955	-	-	-	-
-	-	-	-	-	-	-	-
7,082	21,017	1,399	5,136	-	-	21,047	-
511	1,584	-	896	-	-	1,010	-
-	-	-	-	-	-	-	-
19,384	2,162	177	2,889	4,525	-	-	4,256
167	-	-	-	-	-	19,898	-
360	140	221	-	-	-	-	-
-	-	-	-	-	-	-	-
-	80	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 792,652</u>	<u>\$ 515,522</u>	<u>\$ 157,819</u>	<u>\$ 102,467</u>	<u>\$ 19,425</u>	<u>\$ -</u>	<u>\$ 1,387,283</u>	<u>\$ 111,822</u>

**CENTER FOR COMMUNITY ALTERNATIVES**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Re-entry Related Services	Rochester Recovery Community	Syracuse Recovery Community	Soros Open Society Institute	Total Program Services	Management and General	Total
Salaries:							
Staff	\$ 163,617	\$ 195,857	\$ -	\$ 103,685	\$ 3,282,510	\$ 616,631	\$ 3,899,141
Participants	8,756	-	-	-	174,870	-	174,870
Payroll taxes and employee benefits:							
Staff	43,382	53,729	-	21,472	836,423	121,088	957,511
Participants	1,844	-	-	-	150,486	-	150,486
Total salaries and related expenses	217,599	249,586	-	125,157	4,444,289	737,719	5,182,008
Client costs/Research honoraria	1,365	1,096	-	-	67,212	-	67,212
Consulting fees and subcontractors	-	-	-	-	734,515	85,254	819,769
Stipends	3,450	11,989	-	-	75,893	15,025	90,918
Professional fees	-	-	-	-	-	35,157	35,157
Office expense	3,677	6,553	-	3,148	90,200	74,196	164,396
Telephone expense	2,151	5,850	-	5,654	79,400	18,954	98,354
Postage and delivery	1,265	146	-	-	10,344	4,425	14,769
Rent	13,945	20,340	-	-	684,381	108,216	792,597
Utilities	2,480	-	-	-	77,111	46,701	123,812
Equipment rental, maintenance and purchases	150	-	-	-	7,220	38,673	45,893
Insurance	-	-	-	-	-	94,852	94,852
Travel	8,642	62,350	-	5,117	228,834	55,304	284,138
Training and seminars	-	500	-	-	5,560	3,125	8,685
Depreciation expense	-	-	-	-	-	3,516	3,516
Program supplies	514	3,420	-	15,615	100,592	314	100,906
Miscellaneous expense	1,568	-	-	-	21,768	14,275	36,043
Building maintenance	-	126	-	-	1,995	13,092	15,087
Interest expense	-	-	-	-	-	42,323	42,323
Recruiting expense	125	-	-	-	805	2,360	3,165
Bad debt expense	-	-	-	-	10,915	7,137	18,052
Relocation expense	-	-	-	-	-	-	-
Background checks	75	-	-	-	1,368	544	1,912
Total functional expenses	\$ 257,006	\$ 361,956	\$ -	\$ 154,691	\$ 6,642,402	\$ 1,401,162	\$ 8,043,564

The accompanying notes are an integral part of these statements.

# CENTER FOR COMMUNITY ALTERNATIVES

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 186,745	\$ 268,533
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	4,898	3,516
Loss on disposal of furniture and equipment	9,008	-
Bad debt expense	46,600	18,052
Changes in operating assets and liabilities:		
Grants and contracts receivable	(136,199)	311,208
Client specific planning receivables	14,084	19,756
Prepaid expenses	795	(10,738)
Security deposits	-	11,842
Accounts payable	53,548	(37,996)
Accrued payroll and payroll taxes	29,196	(19,854)
Deferred revenue	138,532	(402,339)
Net cash flow from operating activities	<u>347,207</u>	<u>161,980</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	<u>(36,244)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Net decrease in short-term bank borrowings	(214,930)	(34,142)
Payments on long- term debt	<u>(65,000)</u>	<u>(122,000)</u>
Net cash flow from financing activities	<u>(279,930)</u>	<u>(156,142)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,033	5,838
CASH AND CASH EQUIVALENTS - beginning of year	<u>14,475</u>	<u>8,637</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 45,508</u>	<u>\$ 14,475</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the years for interest	\$ 28,893	\$ 42,323

The accompanying notes are an integral part of these statements.

# CENTER FOR COMMUNITY ALTERNATIVES

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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### 1. THE ORGANIZATION

The Center for Community Alternatives (the Center) provides services, training, research and technical assistance in criminal and juvenile justice and human services primarily in Central New York and New York City.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

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

#### **Support and Revenue**

The Center is funded by a combination of public contracts, foundation grants, private donations, and client fees. The Center has public contracts with federal, state, and local governments.

Support and revenue are classified as unrestricted, temporarily restricted, and permanently restricted based upon the existence or absence of donor-imposed restrictions. Unrestricted net assets are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. The Center adopted a policy requiring that all support and revenue be recorded as unrestricted net assets if the restriction expires in the same reporting period. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Center. There were no restricted net assets at December 31, 2015 or 2014.

#### **Cash and Cash Equivalents**

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### **Grants and Contracts and Client Specific Planning Receivables**

Grants and contracts receivable represent grantor obligations due and not yet paid. Client specific planning receivables represent amounts due from clients in the normal course of operations. The Center considers the receivables to be fully collectible; accordingly, no allowance for doubtful accounts was required as of December 31, 2014. Accounts for which no payments have been received for several months are considered delinquent. After all collection efforts are exhausted, the account is written off to expense.

Effective January 1, 2015, the Center established an allowance for doubtful accounts. The allowance for doubtful accounts at December 31, 2015 is \$24,000.

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

### **Property and Accumulated Depreciation**

Property is stated at cost, less accumulated depreciation. Property purchased for greater than \$2,500 that is not related to public contracts or grants is capitalized. Repairs and maintenance are charged to expense when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Contributions of property are recorded at fair market value on the date of donation.

### **Deferred Revenue**

Deferred revenue consists of grant and contract revenue received but not yet earned at the statement of financial position date. It is anticipated that this revenue will be earned currently.

### **Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs benefited based on management's estimates. Other costs specifically identified to a program are charged directly to that program.

### **Retirement Plan**

The Center maintains a simplified employee retirement plan covering substantially all employees meeting eligibility requirements. These requirements are based on attaining the age of twenty-one and completing one year of service. There were no contributions to the plan in 2015 or 2014.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

### **Income Taxes**

The Center is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Center has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

## 3. LEASES

The Center has operating leases for office and storage space in Syracuse, New York and New York City expiring at various times through 2023. The Center's Syracuse location required monthly payments of \$9,568 through December 31, 2014, with 2% increases each year thereafter through December 31, 2018. The Center's New York City location, in Brooklyn, required monthly payments of \$50,750 through September 2015, with 2% increases each year thereafter through September 2023. In addition, the Center also had a satellite office space in Brooklyn which required monthly payments of \$6,008 and ended on June 30, 2014. The Center also leases office space in Rochester, New York on a month-to-month basis at \$1,695 per month.

Rent expense was \$755,494 and \$792,597 for the years ended December 31, 2015 and 2014, respectively.



### 3. LEASES (Continued)

The Center also has operating leases for various vehicles expiring at various times through 2018. Lease expense was \$6,356 and \$7,245 for the years ended December 31, 2015 and 2014, respectively and is included in equipment rental, maintenance and purchases in the statements of functional expenses.

Minimum lease commitments as of December 31, 2015 relating to these leases:

2016	\$	745,714
2017		762,928
2018		775,946
2019		662,493
2020		675,747
Thereafter		<u>1,927,473</u>
Total	\$	<u>5,550,301</u>

### 4. SHORT-TERM BANK BORROWINGS

The Center has an available line of credit of \$700,000 with Citizens Bank as of December 31, 2015 and 2014. The borrowings on this line initially accrued interest at LIBOR plus 4.5%, however, upon the Center achieving its covenant compliance in 2014, the interest rate reverted to LIBOR plus 2.5%. Borrowings on the line are collateralized by all the Center's assets. The line of credit is due on demand. The balance at December 31, 2015 and 2014 was \$174,928 and \$389,858, respectively.

The Center's line of credit agreement with Citizens Bank contains certain financial reporting and restrictive covenants. The Center was required to maintain a minimum Debt Service Coverage of 1.15 to be tested quarterly, beginning as of the quarter ended on March 31, 2014 and continued through the quarter ended September 30, 2014. The Debt Service Coverage covenant was met for each quarter through September 30, 2014. Additionally, the Center was required to comply with monthly borrowing base reporting beginning with the month ended June 30, 2013. The borrowing base is equal to 75% of eligible accounts receivable. The Center was also required to provide the bank with monthly financial reports including an Income Statement, Balance Sheet, and Accounts Receivable Aging Report, within 60 days of month end, through September 30, 2014. As of December 31, 2014, the Center was in compliance with these reporting requirements.

As of January 31, 2015, a modification agreement was entered into which amended certain financial reporting and restrictive covenants. The Center is required to maintain a minimum Debt Service Coverage of 1.15 to be tested annually beginning with fiscal year ended December 31, 2014. As of December 31, 2015, the Center was in compliance with this covenant.

## 5. LONG-TERM DEBT

The Center has a term note payable to Citizens Bank with an original amount of \$550,000. The note accrues interest at LIBOR plus 4.5%, and is collateralized by all the Center's assets. Monthly principal payments of \$5,000 plus accrued interest began on September 1, 2013 and continued through August 1, 2015, with a balloon payment of all unpaid principal and interest due on August 29, 2015.

The Center did not make the balloon payment on August 29, 2015 and entered into negotiations with the Bank to modify the terms of the agreement. During this process, the Center made an additional principal payment of \$25,000. The outstanding balance as of December 31, 2015 was \$333,000.

In December 2015, with an effective date of August 30, 2015, the Center entered into an extension and modification agreement to the term note with the bank. The modification extended the maturity date of the term note to August 29, 2020, and increased the monthly principal payments to \$5,550 plus accrued interest to begin on January 1, 2016.

Future maturities of 2017 and beyond are as follow at December 31, 2015:

2017	\$	66,600
2018		66,600
2019		66,600
2020		<u>66,600</u>
Total	\$	<u>266,400</u>

## 6. CONCENTRATIONS AND CONTINGENCIES

Financial instruments that potentially subject the Center to credit risk consist of unsecured grants and contracts receivable which represent those receivables not paid by the grantor.

A significant portion of the Center's revenue is generated through Federal, New York State and New York City grants that are renewed annually, without which there would be an impact on the Center's level of service and operation. Grants and contracts awarded to the Center are subject to audit by the various sponsoring agencies. Indirect costs recovered on grants and contracts are recorded at rates established by the Center with the Federal Government, or predetermined by the nonfederal sponsor. Indirect cost rates for government grants and contracts are subject to audit, and possible retroactive adjustment or disallowance. Management believes the impact of any future settlements to be immaterial to the accompanying financial statements.

**7. SUBSEQUENT EVENTS**

The Center has evaluated subsequent events through July 19, 2016, 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**

July 19, 2016

To the Board of Directors of  
Center for Community Alternatives:

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 Center for Community Alternatives (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 July 19, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Center for Community Alternatives' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center for Community Alternatives' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

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

(Continued)

**Compliance and Other Matters**

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

**Center for Community Alternatives' Response to Findings**

Center for Community Alternatives' response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Center for Community Alternatives' response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

**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 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

July 19, 2016

To the Board of Directors of  
Center for Community Alternatives:

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

We have audited Center for Community Alternatives' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Center for Community Alternatives' major federal programs for the year ended December 31, 2015. Center for Community Alternatives' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Center for Community Alternatives complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

432 North Franklin Street, Suite 60  
Syracuse, New York 13204  
p (315) 476-4004  
f (315) 475-1513

www.bonadio.com

(Continued)

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

**Report on Internal Control Over Compliance**

Management of Center for Community Alternatives is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Center for Community Alternatives' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Center for Community Alternatives' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002 to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-003 to be a significant deficiency.

Center for Community Alternatives' responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Center for Community Alternatives' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

**CENTER FOR COMMUNITY ALTERNATIVES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	GRANT OR AWARD	FEDERAL AMOUNT
<b>U.S. Department of Housing and Urban Development:</b>				
Passed-through:				
Public and Indian Housing Program (Passed through Syracuse Housing Authority)	14.850		115,630 47,688	115,630 47,688
Subtotal 14.850			<u>163,318</u>	<u>163,318</u>
<b>Total U.S. Department of Housing and Urban Development</b>				<u>163,318</u>
<b>U.S. Department of Justice:</b>				
Direct:				
Second Chance Act Adult Mentoring and Transitional Services for Successful Re-entry Program: Adult Offender Mentoring	16.812	2013-CY-BX-0014	<u>300,000</u>	<u>20,221</u>
Passed-through:				
Juvenile Justice & Delinquency Prevention Community Based Violence Program - GANGS (Passed through City of Syracuse, New York)	16.123	2013-PB-FX-K001	<u>160,045</u>	<u>57,785</u>
Juvenile Accountability Block Grant Alternatives to Detention After School/Community (Passed through NYS Division of Criminal Justice & NY City Office of Criminal Justice)	16.523	JBH2612215-JB14-1000	<u>63,578</u>	<u>63,578</u>
Court Appointed Special Advocates Program (Passed through National CASA)	16.756	NY10391-14-1013-L	<u>32,851</u>	<u>25,085</u>
<b>Total U.S. Department of Justice</b>				<u>166,669</u>
<b>U.S. Department of Labor:</b>				
Direct:				
WIA Pilots, Demonstrations and Research Projects Employment and Training Administration - Parent Success Initiative	17.261	MI-21915-11-60-A-36	<u>5,720,222</u>	<u>471,378</u>
<b>Total U.S. Department of Labor</b>				<u>471,378</u>
<b>U.S. Department of Education:</b>				
Passed-through:				
21st Century Community Learning Centers Grant (Passed through New York State Department of Education)	84.287	C402078	<u>212,688</u>	<u>91,472</u>
<b>Total U.S. Department of Education</b>				<u>91,472</u>
<b>U.S. Department of Health and Human Services:</b>				
Direct:				
Substance Abuse and Mental Health Services Admin - Crossroads Homeless: Crossroads to Recovery	93.243	C-12TI24414A-03 C-12TI24414A-04	500,000 500,000	335,177 97,624
Substance Abuse and Mental Health Services Admin - Crossroads Homeless	93.243	C-10TI121346A-05	350,000	225,298



**CENTER FOR COMMUNITY ALTERNATIVES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	CONTRACT NUMBER	GRANT OR AWARD	FEDERAL AMOUNT
<b>U.S. Department of Health and Human Services (continued):</b>				
Direct (continued):				
Substance Abuse and Mental Health Services Admin - New Roads to Health	93.243	IH79SO021204-01	283,875	32,335
Subtotal 93.243			<u>1,633,875</u>	<u>690,434</u>
Passed-through:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) ONCARE (Passed through County of Onondaga)	93.104	CEN140007	110,689	75,537
Substance Abuse and Mental Health Services Admin - Rochester NYS SOARS - Access to Recovery (Passed through NYS OASAS & Research Foundation for Mental Hygiene, Inc.)	93.275	1H79TI023116	-	114,286
Center for Disease Control - HIV Prevention Program (Passed through NYS Department of Health & Health Research, Inc.) - Positive Pathways	93.940	4455-02HRI /15-3349-25 4455-04HRI /15-3349-27	100,000 66,667	28,534 24,280
Subtotal 93.940			<u>166,667</u>	<u>52,814</u>
Medical Assistance Program - Medicaid, Title XIX - Comprehensive Adolescent Pregnancy Prevention (CAPP) (Passed through NYS Department of Health)	93.778	C027450	150,000	137,221
<b>Total U.S Department of Health and Human Services</b>				<u>1,070,292</u>
<b>Total</b>			<u>\$ 8,713,933</u>	<u>\$ 1,963,129</u>

## **CENTER FOR COMMUNITY ALTERNATIVES**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015**

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

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by Center for Community Alternatives (the Center), an entity as defined in the basic financial statements. The information in this schedule is presented in accordance with 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). Because this schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

#### **2. EXPENDITURES OF FEDERAL AWARDS**

The amounts reported as expenditures of federal awards were obtained from the accounting records utilized to record activity for the applicable program and periods. These accounting records are periodically reconciled to the appropriate federal financial reports for each program. The federal expenditures are recorded on an accrual basis, in accordance with accounting principles generally accepted in the United States.

#### **3. INDIRECT COSTS**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports for each program. The Center has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**CENTER FOR COMMUNITY ALTERNATIVES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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**Part I - Summary of Auditor's 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 2 CFR  
    200.516a? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Program Title</u>
<u>U.S. Department of Labor:</u> 17.261	WIA Pilots, Demonstrations, and Research Projects
<u>U.S. Department of Health and Human Services:</u> 93.243	Substance Abuse and Mental Health Services Administration

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

Auditee qualified as low-risk auditee yes no

## **Part II - Financial Statement Findings**

**Reference Number: 2015-001**

### **Bank Reconciliations**

**Criteria:**

Internal controls over financial reporting should be properly designed, implemented and monitored to ensure transactions are recorded properly and to effectively prevent and detect misappropriation of assets or accounting errors including bank reconciliations which should be prepared and reviewed in a timely manner.

**Cause/Condition:**

We noted bank reconciliations for several months during the year were not performed in a timely manner.

**Effect:**

The potential exists for errors or misappropriation of assets, and accounting records throughout the year to not reflect accurate activity.

**Recommendation:**

All financial information, including bank reconciliations should be monitored and reconciled on a timely basis. Management should ensure the documented policies and procedures are appropriately followed.

**Management's Response:**

The Center's management recognizes the importance of safeguarding assets and has instituted additional oversight in the cash management procedures. All bank accounts are reconciled with the general ledger on a monthly basis. The main operating account is reviewed daily by the CFO as a significant portion of grant voucher receipts are done electronically. Reconciliations are prepared by the Finance Manager and reviewed by the CFO during the monthly close out procedures that were implemented in 2015. All months in 2015 were reconciled and reviewed.

## Part III - Federal Award Findings and Questioned Costs

Reference Number: 2015-002

U.S. Department of Labor: WIA Pilots, Demonstrations, and Research Projects 17.261  
U.S. Department of Health and Human Services: Substance Abuse and Mental Health Services Administration 93.243

### Schedule of Expenditures of Federal Awards

**Criteria:**

Internal controls should be designed to ensure collection of accurate information necessary to prepare the Schedule of Expenditures of Federal Awards (SEFA).

**Cause/Condition:**

Certain information necessary to prepare a complete and accurate SEFA was not provided to the Finance Department, and therefore the SEFA was incomplete at year-end.

**Effect:**

The SEFA may not accurately reflect all of the necessary information required. The Finance Department may not be aware of the information necessary to include on the SEFA due to a lack of information provided from other individuals. Several non-finance employees are responsible for oversight of certain Federal programs, including maintaining Federal award documentation, which is not necessarily provided to the Finance Department. We noted errors in the SEFA provided, including instances in which Federal information was omitted in error and incorrect amounts were reported.

**Identification of Repeat Finding:**

This was also a finding for the year ended December 31, 2014, reference number 2014-003.

**Recommendation:**

Procedures should be established to ensure all individuals responsible for award programs are required to obtain and provide complete documentation to the Finance Department, in order to properly identify the required Federal information for disclosure and accurate preparation of the SEFA.

**Management's Response:**

The Center is aware of the importance of managing all grant requirements especially those involving federal funding. Due to the decentralized nature of the recordkeeping of the grant documents it took the new finance personnel longer than expected to determine the funding source for all contracts. Once all information sources were determined and investigated a complete list of all grants was developed; Federal, State, County, Local and corporate/foundation. The Center is implementing a central filing system that will encompass all Center locations and the contractual documentation will be managed by the senior management team in a coordinated effort. All new grants awarded will be categorized by the development department when awards are made. The SEFA will be prepared by the CFO and the Finance Manager and presented to the Deputy Directors and Executive Director at least quarterly.

**Questioned Costs:**

None

### **Part III - Federal Award Findings and Questioned Costs (Continued)**

**Reference Number:** 2015-003

**U.S. Department of Labor: WIA Pilots, Demonstrations, and Research Projects 17.261**  
**U.S. Department of Health and Human Services: Substance Abuse and Mental Health Services Administration 93.243**

**Criteria:**

Internal controls over cash management should be properly designed, implemented, and monitored to provide reasonable assurance that the drawdown of Federal cash is only for immediate needs and reimbursement is requested only after costs have been incurred.

**Cause/Condition:**

The Center experienced significant turnover in key positions within the Finance Department during the first six-months of 2015. As a result of this, the original source documentation for cash receipts was not consistently maintained throughout the year in accordance with the Center's procedures.

**Effect:**

The Center's current finance staff could not provide the original documentation noting proper review and approval took place. The Center was able to provide support for the cash receipts selected by obtaining copies and reproducing the general ledger reports.

Non-compliance with cash management could occur and not be detected because of the breakdown in internal controls that occurred during the year.

**Identification of Repeat Finding:**

This was also a finding for the year ended December 31, 2014, reference number 2014-004.

**Recommendation:**

We recommend the Center review its current Fiscal Policies and Procedures Manual and ensure detailed procedures for the grant billing cycle is clearly documented such that a new employee in the Finance Department could perform the necessary tasks without significant difficulty. Furthermore, the Center should strengthen its record retention policy within the Finance Department to ensure proper documentation is maintained to support all grant billings, receipts, and expenditures, including proper prepared and reviewer documentation.

**Management's Response:**

The Center is conservative when requesting grant funds. All requests are backed up by documentation that substantiates the existence of actual costs incurred during the voucher period. A voucher is then prepared and funding is requested by submission of the voucher or an electronic request made via the applicable contract website. These procedures were followed in 2014 and 2015 but documentation, while in electronic form, was not always printed, signed, reviewed and placed in the grant voucher files. The lack of the hard copies and signatures was caused by the staffing shortage. The finance department has corrected this documentation shortcoming and will continue to follow it with all monthly and quarterly funding requests.

**Questioned Costs:**

None

## Part IV – Status of Prior Year Federal Award Findings and Questioned Costs

Reference Number: 2014-001

### Financial Reporting

**Cause/Condition:**

Center for Community Alternatives (the Center) experienced significant turnover in key positions within the Finance Department in 2014 and the first quarter of 2015 and was unable to close the last quarter of the year on a timely basis, reconciliations for key accounts including cash, accounts payable and expenses were not completed until after commencement of audit procedures; year-end external financial reporting for 2014 was delayed approximately six (6) months, and material audit adjustments were necessary to correct grants and contract receivable, deferred revenue and grants and contract revenue. In addition, the year-end financial covenant (for EBIDA ratio) calculation was not completed on a timely basis. Audited financial statements and the financial covenant compliance results are due to Citizen's Bank within 150 days after the end of the fiscal year.

**Recommendation:**

The Center should evaluate its current internal control over financial reporting structure, and ensure proper adherence to procedures. The Center should review its current Fiscal Policies and Procedures Manual and ensure detailed policies and procedures are included for key areas, such as grant revenue and receivables, such that a new employee in the Finance Department could read it and perform the necessary tasks without significant difficulty.

The accounting records should be supported by proper documentation of all detailed transactions. Procedures should be enhanced to improve timely recording of all transactions. In addition, any financial covenants should be reviewed and monitored for compliance on a timely basis.

**Current Status:**

The recommendation was adopted and implemented by September 2015. No similar findings were noted for the 2015 audit.

Reference Number: 2014-002

### Bank Reconciliations

**Cause/Condition:**

The year-end bank reconciliation initially provided for audit did not agree to the general ledger by a material amount, bank reconciliations for several months during the year were not performed timely and lacked documentation of preparer and reviewer, and several bank reconciliations throughout the year did not agree to the general ledger balance for the respective month.

**Recommendation:**

All financial information, including bank reconciliations should be monitored and reconciled on a timely basis. Management should ensure the documented policies and procedures are appropriately followed.

**Current Status:**

Procedures were implemented in July 2015 to ensure reconciliations are prepared by the Finance Manager and reviewed by the CFO during the monthly close out procedures. All months in 2015 were reconciled and reviewed, however reconciliations were not performed on a timely basis. See Current Year Finding 2015-001.

## **Part IV – Status of Prior Year Federal Award Findings and Questioned Costs (continued)**

**Reference Number: 2014-003**

### **Schedule of Expenditures of Federal Awards**

**Cause/Condition:**

Written policies and procedures are not in place for proper preparation and review of the SEFA. There was significant turnover in the Finance Department during 2014 and the first quarter of 2015, and the employees responsible for the preparation and review of the 2014 SEFA were hired after year-end. Several errors in the SEFA provided were noted, including instances in which Federal information was omitted in error, and instances in which non-Federal information was included in error.

**Recommendation:**

Internal controls should be developed to ensure proper preparation and review of the SEFA. An individual that possesses the proper knowledge, experience and authority should be assigned the oversight of the review of the SEFA to determine that it is accurate and complete. In addition, procedures should be established to ensure all individuals responsible for award programs are required to provide complete documentation to the Finance Department, in order to properly identify the required Federal information for disclosure.

**Current Status:**

The Center implemented procedures during 2015 for proper preparation of the SEFA. The Finance Department identified information sources and provided a list of grants that were determined to be from a Federal Source for 2015. However, the listing provided for 2015 still contained material errors and instances in which grants were deemed to be a Federal Source and were not included in the SEFA. See Current Year Finding 2015-002.

**Reference Number: 2014-004**

**U.S. Department of Labor: WIA Pilots, Demonstrations, and Research Projects 17.261**  
**U.S. Department of Health and Human Services: Substance Abuse and Mental Health Services Administration 93.243**

**Cause/Condition:**

Due to significant turnover in key positions within the Finance Department throughout 2014 and the first quarter of 2015, original source documentation for cash receipts was not consistently maintained throughout the year in accordance with the Center's procedures. The Center's current finance staff could not provide the original documentation noting proper review and approval took place. The Center was able to provide support for the cash receipts selected by obtaining copies and reproducing the general ledger reports.

**Recommendation:**

We recommend the Center review its current Fiscal Policies and Procedures Manual and ensure detailed procedures for the grant billing cycle is clearly documented such that a new employee in the Finance Department could perform the necessary tasks without significant difficulty. Furthermore, the Center should strengthen its record retention policy within the Finance Department to ensure proper documentation is maintained to support all grant billings, receipts, and expenditures.

**Current Status:**

See similar Current Year Finding 2015-003.