

**COMMUNITY COUNSELING AND
MEDIATION SERVICES, INC.
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
For the year ended June 30, 2018
(With comparative totals for 2017)**

**COMMUNITY COUNSELING AND
MEDIATION SERVICES, INC.**

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Community Counseling and
Mediation Services, Inc.
25 Elm Place, 2nd Floor
Brooklyn, NY 11201

Report on the Financial Statements

We have audited the accompanying financial statements of Community Counseling and Mediation Services, Inc., ("CCMS"), a Not-for-Profit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Community Counseling and Mediation Services, Inc., as of June 30, 2018, and the change 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.

Report on Summarized Comparative Information

We have previously audited Community Counseling and Mediation Services, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on Page 37 and other Schedules listed on Pages 38-51 are presented for the 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 February 19, 2019, on our consideration of CCMS'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 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 Community Counseling and Mediation Services, Inc.'s internal control over financial reporting and compliance.

Deans • Archer & Co

Valley Stream, New York
February 19, 2019

FINANCIAL STATEMENTS

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

<u>ASSETS</u>		
	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 1,186,028	\$ 1,301,647
Patient Accounts Receivable - Medicaid (Note 3)	824,013	1,438,127
Contracts and Grants Receivable (Note 4)	3,544,401	2,394,418
Short-term Investments (Note 6)	5,015	639,634
Prepaid Expenses and other Current Assets	210,771	122,471
Due From Affiliates (Note 14)	1,028,674	671,940
Total Current Assets	6,798,902	6,568,237
Property and Equipment Net (Note 5)	375,984	436,054
<u>Other Assets</u>		
Security Deposits	162,662	136,111
Project Developer's Fees (Note 16)	1,027,017	1,027,017
Long-term Investments (Note 6)	2,149,315	1,844,382
Total Other Assets	3,338,994	3,007,510
Total Assets	<u>\$ 10,513,880</u>	<u>\$ 10,011,801</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Line of Credit (Note 8)	\$ 458,276	\$ -
Current Portion - Loan Payable (Note 7)	100,000	100,000
Accounts and Accrued Expenses Payable	755,676	473,228
Due to Funding Sources (Note 9)	262,233	291,004
Accrued Pension Liability (Note 10)	775,121	852,522
Total Current Liabilities	2,351,306	1,716,754
Long-term Debt - Loan Payable (Note 7)	141,667	241,667
Commitment and Contingencies (Note 13)	-	-
Total Liabilities	2,492,973	1,958,421
<u>Net Assets:</u>		
Unrestricted	8,020,907	8,053,380
Temporarily Restricted	-	-
Permanently Restricted	-	-
Total Net Assets	8,020,907	8,053,380
Total Liabilities and Net Assets	<u>\$ 10,513,880</u>	<u>\$ 10,011,801</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2018
(With comparative totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018</u>	<u>Restated 2017</u>
<u>Support and Revenues:</u>					
Grants and Contract Services (Note 12)	\$ 8,222,278	\$ -	\$ -	\$ 8,222,278	\$ 7,011,116
Patient Services Net (Note 11)	6,405,009	-	-	6,405,009	7,056,570
Contributions and other Income	64,954	-	-	64,954	106,862
Developer's Fee Income (Note 16)	530,000	-	-	530,000	-
Management Fee (Note 14)	507,576	-	-	507,576	602,820
Investment Income (Note 6)	104,145	-	-	104,145	107,763
Total	15,833,962	-	-	15,833,962	14,885,131
NYC DOE - Pass Through Grant (Note 17)	491,881	-	-	491,881	593,393
Total Support and Revenue	16,325,843	-	-	16,325,843	15,478,524
<u>Expenditures:</u>					
Program Services					
Mental Health and Substance Abuse	6,519,607	-	-	6,519,607	4,975,549
Youth Development	3,067,252	-	-	3,067,252	2,649,462
Housing	2,672,138	-	-	2,672,138	2,503,502
Preventive and Adoption Services for Youth and Families	3,054,762	-	-	3,054,762	2,146,331
Ryan White	-	-	-	-	1,455
NYC DOE - Pass Through Grant (Note 17)	491,881	-	-	491,881	593,393
Total Program Services	15,805,640	-	-	15,805,640	12,869,692
Supporting Services					
Management and General	160,452	-	-	160,452	2,188,293
Total Expenses	15,966,092	-	-	15,966,092	15,057,985
Change in Net Assets from Operations	359,751	-	-	359,751	420,539
Provision for Pension Obligation (Note 10)	77,401	-	-	77,401	214,107
Change in Net Assets	437,152	-	-	437,152	634,646
Net Assets at Beginning of Year	7,583,755	-	-	7,583,755	6,949,109
Net Assets at End of Year	<u>\$ 8,020,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,020,907</u>	<u>\$ 7,583,755</u>

The accompanying notes are an integral part of these financial statements.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the year ended June 30, 2018
(With comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets from Operations	\$ 359,751	\$ 420,539
Provision for Pension Obligation	77,401	214,107
Prior Period Adjustment	(469,626)	63,226
Depreciation	60,949	60,053
Changes in Assets (Increase)/Decrease:		
Contracts and Grants Receivable	(1,149,983)	(672,751)
Patient Accounts Receivable - Medicaid	614,116	(114,301)
Other Receivables	-	108,000
Prepaid Expenses and Other Current Assets	(88,300)	(23,118)
Security Deposits	(26,552)	(4,760)
Due from Affiliates	(356,734)	7,010
Changes in Liabilities Increase/(Decrease):		
Accounts Payable and Accrued Expenses	282,448	(21,317)
Due to Funding Source	(28,771)	(284,608)
Accrued Pension Liability	(77,401)	(214,107)
Net Cash (Used) by Operating Activities	<u>(802,702)</u>	<u>(462,027)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investments	-	(100,004)
Purchase of Fixed Assets	(879)	(41,214)
Sale of Investments	329,686	-
Net Cash Provided/(Used) by Investing Activities	<u>328,807</u>	<u>(141,218)</u>
<u>Cash Flows From Financing Activities:</u>		
Repayment of Loan Payable	(100,000)	(100,000)
Proceeds from Line of Credit (Net)	458,276	-
Net Cash (Used) by Financing Activities	<u>358,276</u>	<u>(100,000)</u>
Net (Decrease)/Increase in Cash	(115,619)	(703,245)
Cash and Cash Equivalents at Beginning of Year	<u>1,301,647</u>	<u>2,004,892</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,186,028</u></u>	<u><u>\$ 1,301,647</u></u>
<u>Supplemental Disclosure:</u>		
Interest Paid	<u><u>\$ 65,525</u></u>	<u><u>\$ 19,709</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1. ORGANIZATION

Community Counseling and Mediation Services, Inc., (“CCMS”) is a corporation formed under the Not-for-Profit Law of the State of New York on November 16, 1983. CCMS maintains multiple locations in New York City which provide program and administrative services. CCMS’ mission is to respond to the needs of the underserved, at-risk children, adults and families in a timely, linguistically and culturally sensitive manner.

CCMS serves over 15,000 children and families each year. The diversified program services are geared towards meeting the needs of its target population and promoting its mission. Programs offered by CCMS include:

a. **Mental Health, HIV/AIDS and Substance Abuse Services**

- **CCM Mental Health Clinics** - Culturally sensitive and innovative treatment services at four licensed mental health clinics. Services include: individual, group and family counseling; psychological, psychiatric and psychosocial assessments and diagnosis; and psychopharmacology.
- **ASAP (Alcohol and Substance Abuse Program)** - A licensed, medically supervised outpatient treatment program, utilizing a comprehensive approach towards recovery that coordinates assessment and diagnosis, individual, group and family counseling, buprenorphine treatment, acupuncture, and case management.
- **Minority Outreach Community Health Access (MOCHA)** - A case management outreach wellness program targeted towards minority populations, supporting individuals in need of comprehensive case management services and health problems in Central Brooklyn areas.
- **In-School Mental Health Clinics** - Through the DOE Renewal School Initiative, an In- School Mental Health program serving students at the South Shore Educational Complex to help them improve their emotional skills needed to be productive in school and family life.
- **WAR (Women at Risk)** - Offers comprehensive counseling, psychotherapy, psychiatry and case management for women living with or affected by HIV and AIDS.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1. ORGANIZATION – (Continued)

b. **Education and Youth Development Services**

- **COMPASS (Comprehensive after School System)** - Utilizes after school and summer hours, when children (k-5th grade) are often without parental supervision, to develop the young person's social, emotional and academic capabilities.
- **SONYC (School's Out New York City)** - Utilizes after school and summer hours, when children (6-8th grade) are often without parental supervision, to develop the young person's social, emotional and academic capabilities.
- **SYEP (Summer Youth Employment Program)** - Places youth (ages 14-24) in employment opportunities during the summer.
- **WLG (Work, Learn & Grow Employment Program)** - Provides participants of the 2015 SYEP and currently in-school with career readiness training and paid employment opportunities during the school year.
- **SIMBA (Safe in My Brother's Arms)** - youth empowerment program aimed to enrich the lives of students (6-8th grade) in temporary housing through support services and an environment that encourages youth to achieve and succeed.
- **OBAMA (Overcoming Barriers and Moving Ahead)** - Youth empowerment program aimed to enrich the lives of HS students in temporary housing through support services and an environment that encourages youth to achieve and succeed.
- **ASET (All Sisters Evolving Together)** - Youth empowerment program to enrich the lives of female HS students in temporary housing through support services and an environment that encourages young girls to achieve and succeed.
- **SSS (Student Support Services)** - Provides a broad array of student development, academic enrichment, and parent development services in order to produce positive academic and personal outcomes for students.
- **C.A.R.E (Children Achieving Result Effectively)** - A community based martial arts program, using a comprehensive youth development strategy that includes violence prevention, behavior modification, peer meditation and conflict resolution.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1. ORGANIZATION – (Continued)

c. **Preventive and Adoption Services for Youth and Families**

- **FTR and FTR II (Family Treatment and Rehabilitation Programs)** - Meets the needs of families struggling with substance abuse issues that are threatening to disrupt the family structure.
- **FFT- CW (Functional Family Therapy- Child Welfare)** - An evidence-based family intervention program for at- risk children and youth to improve communication, reduce negativity, and achieve positive outcomes through home- based services.

d. **Supportive Housing Services**

- **Rico's Place** - Supportive housing (14 units) for families where at least one member is living with AIDS.
- **Georgia's Place** - Permanent housing program (48 units) that brings stability, functioning, and self-sufficiency to individuals who are mentally ill or MICA-diagnosed.
- **Ruby's Place** - Permanent housing program (72 units) designed to improve the physical, social, emotional, intellectual and economic well-being of its residents.
- **Beverly's Place** - In the pre-development phase, this will be a permanent housing program (72 units) with 1-3 bedroom apartments for families.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The financial statements of CCMS are prepared on the accrual basis of accounting. Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CCMS and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of CCMS and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. CCMS has no temporarily restricted net assets.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations which must be maintained permanently. CCMS has no permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets, (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(b) Promises to Give

Contributions are recognized when the donor makes a promise to give to CCMS; that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(c) Support and Revenues

CCMS derives a major portion of its Support and Revenues from the U.S. Department of Health and Human Services, the City and the State of New York. Support is derived from program amounts received as reimbursements of certain expenditures as stipulated under contract agreements. Patient service revenue is derived from a per diem rate as determined by the governmental agencies for the programs. Support and Revenues are recognized on the accrual basis of accounting.

(d) Accounts Receivable

The accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to the respective accounts receivable account. At June 30, 2018 and 2017, the allowance for bad debts was \$-0- and \$133,737, respectively.

(e) Property and Equipment

Building, motor vehicle, furniture and equipment are carried at cost. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets as follows:

Building and Capital Improvement	39 years
Leasehold Improvement	5-10 years
Motor Vehicle	5 years
Furniture and Equipment	5-10 years

CCMS follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$500. Grant funds used for the acquisition of property and equipment are accounted for as a transfer from program funds and reported as a capital addition to property and equipment in the year after purchase.

The property and equipment account is designated for property and equipment acquisitions, to record their costs and accumulated depreciation.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

(f) Income Taxes

CCMS qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, except as to income from unrelated business activities. Currently, all activities are directly related to CCMS's exempt purpose. As a result, no provision for federal or state income taxes has been made.

(g) Functional Expenses

The costs of providing the various programs and other activities of CCMS have been summarized on a functional basis in the schedule of functional expenses, which includes all expenses incurred for the year. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

(h) 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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Concentrations of Credit Risk

Support and Revenue:

CCMS receives a substantial amount of its support from Federal, State and Local Governments. A significant reduction in the level of support, if this was to occur, may have an effect on the organization's programs and activities.

Deposits in Excess of Insured Limits:

The organization maintains its cash and cash equivalent in bank deposit accounts which, at times may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued).

(j) Accounts Receivable

The majority of CCMS's receivables is with the State of New York and other Governmental Institutions, and is considered to be low risk.

(k) Cash and Cash Equivalents

For the purposes of the statement of cash flows, CCMS considers all highly liquid investments with an original maturity of three months or less as cash equivalents

(l) Pension Benefits

As described in Note 8, CCMS maintains pension plans covering all employees. Employers' contributions to the defined benefit plan are expensed as incurred and are included in salary, wages and benefits.

The defined benefit plan is accounted for as follows:

The actuarial determination of the accrued benefit obligations for the pensions uses the projected benefit method prorated on service.

For the purpose of calculating the expected return on plan assets, those assets are measured at fair value.

Actuarial gains, (losses) arise from the difference between the actual long-term rate of return on plan assets for a period and the expected long-term rate for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The organization's net benefit plan expenses are included in wages and benefits.

(m) Fair Value of Financial Instruments

The fair value of CCMS's financial instruments approximate the carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts receivable, short-term investments and accounts payable and accrued expenses.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I input are quoted prices, (unadjusted) in active markets for identical assets or liabilities to which the company has the ability to access.
- Level II inputs are inputs, (other than quoted prices included within Level I) that are observable for the asset or liability, either directly or indirectly.
- Level III inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

(n) Affiliated Entities

Community Counseling and Mediation Services, Inc. is a General Partner in five (5) Limited Partnerships. Income, Losses and tax credits from operations of these Partnerships are allocated, 99% to the Limited Partners. All Inter-Company balances that are owed or due from these Partnerships are reported in these financial statements.

(o) Indirect Cost Allocation

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. However, for the year ended June 30, 2018, CCMS changed the rates used to allocate indirect cost. This resulted in significant reduction in the amount reported for Management and General Expenses. For the current year, the fringe benefits rates were:

Salaried Wages	-	26.89%
Hourly Wages	-	11.16%

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 3. PATIENT ACCOUNTS RECEIVABLE

Patients Account Receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Patient Recievable - Medicaid	\$ 451,993	\$ 1,150,176
Third Party Payors	345,292	394,960
Other	<u>26,728</u>	<u>26,728</u>
	824,013	1,571,864
Provision for Doubtful Accounts	<u>-</u>	<u>(133,737)</u>
Total Patient Accounts Recievable	<u><u>\$ 824,013</u></u>	<u><u>\$ 1,438,127</u></u>

For the year ended June 30, 2018 and 2017, CCMS wrote-off \$455,987 and \$500,000, respectively of uncollected Medicaid Receivable.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4. CONTRACTS AND GRANTS RECEIVABLE

Contracts and Grants receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
New York City Administration for Children Services:		
Regular Family Foster Care/Therapeutic Foster Homes	\$ 214,558	\$ 190,003
General Preventive Program	181,548	219,125
Family Treatment/Rehabilitation Program	523,539	105,462
New York State Department of Health:		
Comprehensive Adolescent Pregnancy Prevention	62,966	62,966
New York City Development of Youth and Community Development:		
Out of School Time Programs	434,969	406,224
Summer Youth Employment Program	367,495	36,741
Work Learn and Grow	268,454	356,423
U.S. Department of Housing and Urban Development:		
Rico's Place	152,184	13,002
Ruby's Place	618,044	566,097
Georgia's Place	171,398	28,039
New York City Department of Homeless Services:		
Georgia's Place	102,677	37,798
New York City Department of Health and Mental Hygiene:		
Georgia's Place	357,317	302,676
U.S. Health Resources Services:		
Ryan White Comprehensive Aids Resources Emergency Act	-	6,126
U.S. Department of Health and Human Services	14,640	33,473
New York City Department of Education:		
Other	<u>74,612</u>	<u>30,263</u>
Total	<u><u>\$ 3,544,401</u></u>	<u><u>\$ 2,394,418</u></u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 5. PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 82,935	\$ 82,935
Building	279,108	279,108
Equipment	667,177	666,298
Furniture and Fixtures	232,622	232,622
Leasehold Improvements	500,385	500,385
Capital Improvements	135,145	135,145
Vehicle	<u>18,545</u>	<u>18,545</u>
	1,915,917	1,915,038
Less: Accumulated Depreciation	<u>1,539,933</u>	<u>1,478,984</u>
	<u>\$ 375,984</u>	<u>\$ 436,054</u>

Depreciation expense recognized by CCMS in relation to its depreciable assets amounted to \$60,949 and \$60,053, respectively, for the fiscal years ended June 30, 2018 and 2017.

NOTE 6. INVESTMENTS

Short-Term Investments

Short-term investments are recorded at fair value. CCMS periodically invests excess operating cash generally in select fixed income securities on a short term basis. These investments have maturities of less than one year and can be used for CCMS' current operations.

Long-Term Investments

On January 16, 2003, CCMS entered into a single premium deferred Annuity Plan, (hereinafter referred to as the "Plan"). Under the Plan, CCMS is to make a single premium payment of \$500,000, which has an effective yield rate of 3.30% per annum. CCMS also entered into a Variable Annuity Plan, (herein referred to as "Life Insurance Plan"); whereby it named its President and CEO as the annuitant on August 11, 2003 for a premium payment of \$569,000, with an effective yield rate of 2.95% per annum, and an additional premium payment of \$518,580 on October 1, 2003. CCMS accounts for these annuities in accordance

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 6. INVESTMENTS - (Continued)

with FASB ASC 715 “Employers’ Accounting for Defined Benefit Pension and Other Post-Retirement Plans”, whereby in participating annuity contracts, the insurer pays the owner part of the earnings from investing the insurance premiums and the annuity payments are recorded at their fair market values.

Gains and losses on dispositions are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statement of activities.

CCMS’s investments consisted of the following as of June 30, 2018 and 2017:

2018				
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	
	Quoted Prices In Market For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	<u>Total</u>
Annuities	\$ -	\$ 1,901,649	\$ -	\$ 1,901,649
Equity Funds	252,681	-	-	252,681
	<u>\$ 252,681</u>	<u>\$ 1,901,649</u>	<u>\$ -</u>	<u>\$ 2,154,330</u>
2017				
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	
	Quoted Prices In Market For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	<u>Total</u>
Annuities	\$ -	\$ 1,844,382	\$ -	\$ 1,844,382
Equity Funds	639,634	-	-	639,634
	<u>\$ 639,634</u>	<u>\$ 1,844,382</u>	<u>\$ -</u>	<u>\$ 2,484,016</u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 6. INVESTMENTS - (Continued)

Interest and dividend earned on the above investments for the fiscal years ended June 30, 2018 and 2017 amounted to \$69,277 and \$68,723, respectively.

CCMS named its President and CEO as the Annuitant. CCMS reserves the right to designate a new annuitant within thirty days of the demise of currently named Annuitant. In the event that no declaration of a new annuitant is made, CCMS automatically becomes the Annuitant.

Investment Return

The following schedule summarizes total investment return and its classification in the statement of activities for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and Dividend Income	\$ 69,277	\$ 68,723
Net Realized and Unrealized Gains	<u>34,868</u>	<u>39,040</u>
Total Return on Investments	<u><u>\$ 104,145</u></u>	<u><u>\$ 107,763</u></u>

NOTE 7. LONG-TERM DEBT

Long-term debt consisted of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
5-year \$500,000 note payable in monthly installment of \$8,333, plus accrued interest to JP Morgan Chase Bank. The maturity date is November 24, 2020, with an interest rate at 3.23%	\$ 241,667	\$ 341,667
Less: Current portion	<u>(100,000)</u>	<u>(100,000)</u>
	<u><u>\$ 141,667</u></u>	<u><u>\$ 241,667</u></u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 7. LONG-TERM DEBT – (Continued)

The following are maturities of Long-Term Debt for each of the remaining years:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 100,000	\$ 9,753	\$ 109,753
2020	100,000	4,785	104,785
2021	41,667	521	42,188
2022	-	-	-
2023	-	-	-
	<u>\$ 241,667</u>	<u>\$ 15,059</u>	<u>\$ 256,726</u>

NOTE 8. LINE OF CREDIT

CCMS has an unsecured \$2,000,000 revolving line of credit with a Bank. Advances on the credit line are payable on demand and carry an interest rate of 8% per annum. As of June 30, 2018 and 2017, the total amounts owed were \$458,276 and \$-0-, respectively.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 9. DUE TO FUNDING SOURCES

Due to Funding Sources consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
New York City Administration for Children's Services:		
General Prevention Program	\$ 19,172	\$ 19,172
Family Treatment/Rehabilitation Program	24,509	24,509
New York State Department of Health:		
Comprehensive Adolescent Pregnancy Prevention	56,250	56,250
Home and Community Based Services - HCBS	25,000	25,000
New York City Development of Youth and Community Development:		
Out of School Time Programs	109,613	94,733
Summer Youth Employment Program	9,923	9,923
U.S. Department of Housing and Urban Development:		
Ruby's Place	83,835	83,835
New York City Department of Homeless Services:		
Georgia's Place	5,000	5,000
New York City Department of Health and Mental Hygiene:		
Ruby's Place DOHMH	4,352	4,352
CCM Guidance	247	247
U.S. Health Resources Services:		
Ryan White Comprehensive Aids Resources Emergency Act	788	788
Other	<u>(76,455)</u>	<u>(32,805)</u>
Total	<u><u>\$ 262,233</u></u>	<u><u>\$ 291,004</u></u>

NOTE 10. PENSION PLAN

CCMS sponsors a defined benefit pension plan that covers substantially all employees. The plan calls for benefits to be paid to eligible employees at retirement, based primarily upon years of service with CCMS and compensation rates near retirement. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10. PENSION PLAN - (Continued)

CCMS recognizes the overfunded or underfunded status of the defined benefit pension plan ("the Plan") as an asset or liability and recognizes changes in that funded status in the year they occur. CCMS uses a June 30 measurement date for the Plan. The Plan's funded status, amounts recognized, significant assumptions used, contributions made, and benefits paid included in CCMS's financial statements as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Change in Benefit Obligation:		
Benefit Obligation at Beginning of Year	\$ 1,529,684	\$ 1,585,484
Service Cost	-	-
Interest Cost	58,812	57,230
Actuarial (Gain) Loss	(50,001)	(63,492)
Benefits Paid	<u>(78,243)</u>	<u>(49,538)</u>
Benefit Obligation at End of Year	<u><u>\$ 1,460,252</u></u>	<u><u>\$ 1,529,684</u></u>

Change in Plan Assets:

Reconciliation of Plan Assets

	<u>2018</u>	<u>2017</u>
Fair Value of Assets at Beginning of Year	\$ 677,162	\$ 518,855
Actual Return on Assets	13,920	54,577
Contributions by Employer	72,292	153,268
Benefits Paid	<u>(78,243)</u>	<u>(49,538)</u>
Fair Value of Assets at End of Year	<u><u>\$ 685,131</u></u>	<u><u>\$ 677,162</u></u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10. PENSION PLAN - (Continued)

The following sets forth the funded status of the plan:

	<u>2018</u>	<u>2017</u>
Projected Benefit Obligation	\$ 1,460,252	\$ 1,529,684
Market Value of Assets	<u>685,131</u>	<u>677,162</u>
Funded Status	<u>\$ 775,121</u>	<u>\$ 852,522</u>

Amounts recorded in unrestricted net assets as of June 30, 2018 and 2017, not yet amortized as components of net periodic pension costs are as follows:

	<u>2018</u>	<u>2017</u>
Funded Status at Beginning of Year	\$ 852,522	\$ 1,066,629
Funded Status at End of Year	<u>775,121</u>	<u>852,522</u>
Amount recognized as decrease in Net Assets	<u>\$ 77,401</u>	<u>\$ 214,107</u>

The amortization of the above items expected to be recognized in net periodic pension costs for the year ending June 30, 2018 is approximately \$95,000.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10. PENSION PLAN - (Continued)

A summary of the components of net periodic pension cost for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Components of Net Periodic Pension Cost:		
Service Cost	\$ -	\$ -
Interest Cost	<u>58,812</u>	<u>57,230</u>
Return on Assets:		
Expected Return	42,761	35,446
Asset Gain (Loss)	<u>(28,841)</u>	<u>19,131</u>
Actual Return	<u>13,920</u>	<u>54,577</u>
Net Amortization and Deferral:		
Amortization of (Gain) Loss	48,343	53,847
Asset Gain (Loss) Deferred	<u>(28,841)</u>	<u>19,131</u>
Total Amortization and Deferral	<u>19,502</u>	<u>72,978</u>
Net periodic Pension Cost *	<u><u>\$ 64,394</u></u>	<u><u>\$ 75,631</u></u>

* Net Periodic Pension Cost is the sum of Interest Cost - Return on Assets + Net Amortization/Deferral

Reconciliation of (Accrued) Prepaid Pension Expense for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
(Accrued) Prepaid at Beginning of Period	\$ (22,746)	\$ (100,383)
Net Periodic Pension Cost	64,394	75,631
Employer Contribution	<u>72,292</u>	<u>153,268</u>
(Accrued) Prepaid at Measurement Date	<u><u>\$ (14,848)</u></u>	<u><u>\$ (22,746)</u></u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 10. PENSION PLAN - (Continued)

Other Items:

	<u>2018</u>	<u>2017</u>
Accumulated Benefit Obligation:		
Vested	\$ 1,460,252	\$ 1,529,684
Non-Vested	<u>-</u>	<u>-</u>
Total	<u><u>\$ 1,460,252</u></u>	<u><u>\$ 1,529,684</u></u>

The following benefit payments, which reflect expected future service are expected to be paid at each fiscal year ended June 30:

2019	\$ 76,732
2020	74,364
2021	69,489
2022	70,518
2023	65,589
Thereafter	\$ 361,059

Actuarial Assumption:

A summary of the weighted average assumptions used to determine the benefit obligation as of June 30, 2018 and 2017 is presented below:

Discount Rate	4.20%	3.65%
Long-term Rate of Return on Plan Assets	6.00%	6.00%
Salary Increases	N/A	N/A

Benefits frozen at 12/31/2005

As of June 30, 2018, the minimum funding requirement for the plan year December 31, 2017 amounts to \$98,868, of which \$98,868 was paid on September 15, 2018. In accordance with FASB ASC 715, these financial statements contain a provision for benefit obligation in the amount of \$775,121 which represents the excess of projected benefit obligations over the market value of these plan's assets.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 11. PATIENT SERVICES REVENUE

For the years ended June 30, 2018 and 2017, Patient Services Revenue consisted of the following:

	<u>2018</u>	<u>2017</u>
Medicaid	\$ 839,392	\$ 1,145,625
Self-pay	148,503	96,555
Other Third-party payors	5,182,440	5,577,011
Other Revenue	<u>234,674</u>	<u>237,380</u>
	<u><u>\$ 6,405,009</u></u>	<u><u>\$ 7,056,570</u></u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 12. GRANTS AND CONTRACT SERVICES

Grants and Contract Services Revenue consisted of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
New York City Administration for Children's Services:		
Regular Family Foster Care/Therapeutic Foster Homes	\$ 64,138	\$ 55,493
General Prevention Program	1,287,722	1,131,319
Family Treatment/Rehabilitation Program	1,514,752	984,000
New York State Department of Health:		
Comprehensive Adolescent Pregnancy Prevention	-	128,744
New York City Department of Youth and Community Development:		
Out of School Time Program	1,493,368	1,375,558
Summer Youth Employment Program	619,033	244,741
Work Learn and Grow	478,113	317,109
U.S. Department of Housing and Urban Development:		
Rico's Place	199,898	168,373
Georgia's Place	229,106	256,494
Ruby's Place	6,000	59,380
Other	-	29,250
New York City Department of Homeless Service:		
Georgia's Place	94,743	85,457
U.S. Department of Health and Mental Hygiene:		
Georgia's Place	515,543	455,804
Brooklyn Generation School (BGS)	109,990	240,763
U.S. Department of Health and Human Services:		
SAMHSA	444,424	409,958
New York City Department of Health and Mental Hygiene:		
Ruby DOHMH	836,856	830,801
New York City Department of Education		
DOE - SIMBA	328,593	133,455
New York State HESC - CACG	<u>-</u>	<u>104,417</u>
Total	<u><u>\$ 8,222,278</u></u>	<u><u>\$ 7,011,116</u></u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 13. COMMITMENTS AND CONTINGENCIES

Operating Leases

The organization is committed under various space and equipment operating leases expiring in various years through 2027.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year at June 30, 2018 are as follows:

Year Ending June 30:

2019	\$	351,689
2020		356,236
2021		180,496
2022		180,496
2023	\$	180,496

Rent expense for the years ended June 30, 2018 and 2017 was \$737,672 and \$948,673, respectively.

Program Contract

Under the terms of certain program contracts, the grantors, (the Federal Government, the State of New York and the City of New York among others), reserve the right to review the grant costs related to individual programs prior to final contract close out. Since most of these funding sources have not yet reviewed the grant costs related to certain contracts for various years, management of the organization cannot determine whether any costs will be disallowed.

Litigation

CCMS is named in various lawsuits arising in the ordinary course of business. The ultimate resolution of these lawsuits, including any related financial effects on CCMS is currently unknown. CCMS has not provided for any potential future losses arising from the resolution of these matters in the accompanying financial statements. Despite the inherent uncertainties of litigation, management does not believe that the lawsuits will have a material adverse impact on the financial condition of CCMS at this time.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 13. COMMITMENTS AND CONTINGENCIES - (Continued)

Claims

In a letter to CCMS, dated December 16, 2014, the New York State Department of Labor, (NYSDOL) stated that the agency's contribution account was "underpaid" by \$199,732. The agency contracted with third party representation to contest NYSDOL's findings.

Deposits in Excess of Insured Limits

CCMS maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to \$250,000 and \$500,000, respectively. At June 30, 2018 and 2017, the Organization's uninsured cash balances in Financial Institution I totaled \$1,283,444 and \$1,332,403, respectively.

As of June 30, 2018 and 2017, the cash balances consisted of the following:

2018		
<u>Description</u>	<u>Financial Institution I</u>	<u>Financial Institution II</u>
Checking	\$ 1,533,444	\$ 500,361
FDIC/SIPC Insurance	<u>(250,000)</u>	<u>(500,000)</u>
Uninsured Balance	<u>\$ 1,283,444</u>	<u>\$ 361</u>

2017		
<u>Description</u>	<u>Financial Institution I</u>	<u>Financial Institution II</u>
Checking	\$ 1,582,403	\$ 170,381
FDIC/SIPC Insurance	<u>(250,000)</u>	<u>(500,000)</u>
Uninsured Balance	<u>\$ 1,332,403</u>	<u>\$ -</u>

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 14. DUE FROM AFFILIATES

Due from affiliates represents the amounts due to CCMS from Ruby's Place, Joyce's Place, Beverly's Place, Rico's Place and Georgia's Place, related entities.

As the need arises, CCMS makes advances to its affiliates to meet their operating needs. At June 30, 2018 and 2017, net intercompany receivables due to CCMS were \$1,028,674 and \$671,940, respectively as follows:

	<u>2018</u>	<u>2017</u>
Due (to) Ruby's Place, LLC	\$ (632,989)	\$ (647,209)
Due from Joyce's Place	704,002	550,324
Due (to) Beverly's Place	(14,750)	(47,940)
Due from Rico's Place	83,118	83,118
Due (to) Georgia's Place	539,514	530,664
Rico's Place	191,888	96,688
Georgia's Place	62,847	25,069
Ruby's Place	86,591	73,901
Other	<u>8,453</u>	<u>7,325</u>
	<u><u>\$ 1,028,674</u></u>	<u><u>\$ 671,940</u></u>

For the year ended June 30, 2018 and 2017, CCM charged management fees as follows to its affiliates:

	<u>2018</u>	<u>2017</u>
Georgia's Place Property Management	\$ 150,701	\$ 183,139
Rico's Place Property Management	117,556	127,470
Ruby's Place Property Management	<u>239,319</u>	<u>292,210</u>
	<u><u>\$ 507,576</u></u>	<u><u>\$ 602,820</u></u>

NOTE 15. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosures is February 19, 2019, which is the date the financial statements were made available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 16. PROJECT DEVELOPER'S FEES

As stated in the Funding and Disbursement Agreement for Ruby's Place Project Development, the borrower may pay a developer fee to the sponsor, (CCMS) in the amount of \$1,340,017. The closing was completed on June 26, 2013. To date CCMS received \$313,000 of this amount. For the year ended June 30, 2018, the Developer's Fees receivable is \$1,027,017.

On November 14, 2017, the closing for Beverly's Place was completed. CCMS received \$530,000 as Developer's Fees to the sponsor of the project.

NOTE 17. PASS THROUGH GRANT

In a memorandum of understanding dated March 23, 2011, CCMS agreed to perform the role of a fiscal conduit for a community organization with regards to a pass through grant with the New York City Department of Education, receiving administrative fees of 10% for its services.

NOTE 18. PRIOR PERIOD ADJUSTMENT

Prior Period Adjustment represents the adjustment to net assets to reflect increases or (decreases) in advances to affiliates in the years 2018 and 2017.

SUPPLEMENTARY INFORMATION

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2018
(With comparative totals for 2017)

	Mental Health and Substance Abuse	Youth Development	Housing	Preventive, Adoption and Foster Care	Total Program Services	Management & General	2018	2017
Salaries and Wages	\$ 2,552,507	\$ 1,816,057	\$ 1,437,435	\$ 1,557,446	\$ 7,363,444	\$ 712,244	\$ 8,075,688	\$ 7,673,874
Fringe Benefits and Payroll taxes	346,257	293,243	354,342	418,825	1,412,667	140,890	1,553,557	1,508,979
Payroll Services and Bank Fees	-	12,140	-	-	12,140	57,264	69,404	50,220
Professional Fees	936,199	1,656	184,797	121,523	1,244,175	299,965	1,544,140	1,231,379
Personnel Related Costs	4,835	7,697	901	7,181	20,614	86,881	107,496	50,845
Consumable Supplies	86,906	112,221	74,911	28,925	302,962	15,464	318,427	302,793
Space Costs	340,256	45,275	57,889	193,628	637,048	100,624	737,672	948,673
Liability Insurance	2,000	11	12,000	10,000	24,011	200,000	224,012	215,241
Equipment Rental and Purchase	76,666	18,166	69,489	45,402	209,724	42,744	252,468	162,868
Repair and Maintenance	109,972	61,482	32,735	58,367	262,556	31,609	294,165	171,183
Construction and Renovation	241,507	-	-	134,824	376,330	205,658	581,988	-
Telephone and Utilities	108,505	43,069	11,887	45,048	208,510	30,725	239,235	206,759
Travel, Food and Conferences	304,766	248,149	51,784	43,131	647,830	58,128	705,958	790,037
Dues and Subscription	21,972	-	14,600	1,764	38,336	6,793	45,129	75,609
Printing, Publication and Postage	5,531	403	1,215	364	7,514	22,589	30,103	23,595
Miscellaneous	36,661	11,276	14,354	7,765	70,056	42,253	112,309	202,270
Depreciation Expense	-	-	-	-	-	60,949	60,949	60,053
Interest Expense	-	-	30,096	-	30,096	35,429	65,525	19,709
Total Operating Expenses	5,174,540	2,670,846	2,348,435	2,674,193	12,868,013	2,150,210	15,018,224	13,694,087
Admin Allocation	-	-	-	-	-	(2,150,210)	(2,150,210)	(3,209,976)
Administrative Overhead	945,067	396,407	323,703	380,569	2,045,745	104,465	2,150,210	3,209,976
Total Expenses before Bad Debts	6,119,607	3,067,252	2,672,138	3,054,762	14,913,759	104,465	15,018,224	13,694,087
Bad Debts	400,000	-	-	-	400,000	55,987	455,987	770,505
Total	6,519,607	3,067,252	2,672,138	3,054,762	15,313,759	160,452	15,474,211	14,464,592
NYC DOE - Past-Through Grant	-	491,881	-	-	491,881	-	491,881	593,393
Total	\$ 6,519,607	\$ 3,559,133	\$ 2,672,138	\$ 3,054,762	\$ 15,805,640	\$ 160,452	\$ 15,966,092	\$ 15,057,985

See paragraph on required supplementary information included in auditor's report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
GENERAL PREVENTION PROGRAM
PROGRAM BUDGET ID # 12-GP-CCM-BK
STATEMENT OF REVENUES AND EXPENDITURES
For the year ended June 30, 2018

	FINAL APPROVED BUDGET	ACTUAL AMOUNTS	VARIANCE	QUESTIONED COSTS
<u>REVENUES:</u>				
ACS	\$ 1,376,469	\$ 1,287,722	\$ 88,747	\$ -
TOTAL REVENUES	1,376,469	1,287,722	88,747	-
<u>EXPENDITURES</u>				
PS Expenditures	997,858	948,491	49,368	-
TOTAL PS EXPENDITURES	997,858	948,491	49,368	-
<u>OTPS EXPENDITURES</u>				
OTPS Expenditures	253,477	252,773	704	-
TOTAL OTPS EXPENDITURES	253,477	252,773	704	-
TOTAL PS AND OTPS EXPENDITURES	1,251,335	1,201,264	50,071	-
Administrative Overhead	125,134	174,869	(49,736)	-
TOTAL EXPENDITURES	1,376,469	1,376,133	336	-
(Less) Questioned Costs	-	-	-	-
TOTAL ALLOWABLE COSTS	1,376,469	1,376,133	336	-
(Deficiency)/Excess of Revenue Over Expense	\$ -	\$ (88,411)	\$ 88,411	\$ -

See paragraph on required supplementary information included in auditor's report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
GENERAL PREVENTION PROGRAM
PROGRAM BUDGET ID # 12-GP-CCM-BK
SCHEDULE OF SALARIES
For the year ended June 30, 2018

<u>Employee Identification Code</u>	<u>Title</u>	<u>Final Approved Budgeted Salary *</u>	<u>Actual Salary Paid</u>	<u>Variance</u>
102127	Program Director	\$ 64,768	\$ 67,344	\$ (2,576)
100917	Program Supervisor	65,000	65,000	-
102229	Program Supervisor	63,000	59,461	3,539
101825	Therapist (MSW)	52,000	52,000	-
102187	Therapist (MSW)	52,000	37,685	14,315
101826	Therapist (MSW)	50,000	52,000	(2,000)
102084	Therapist (MSW)	50,000	35,417	14,583
102149	Interventionist (BA)	43,000	42,119	881
100821	Interventionist (BA)	43,000	43,000	-
102044	Interventionist (BA)	43,000	39,417	3,583
101264	Interventionist (BA)	43,000	43,000	-
	Case Aide	27,578	-	27,578
101330	Secretary	35,887	26,106	9,781
000066	President and CEO	18,350	17,897	453
101113	Chief of Program	14,976	14,606	370
101685	Development Director	8,670	8,456	214
101937	Controller	14,451	14,905	(454)
102100	Fiscal Officer	10,957	10,686	271
102050	Fiscal Officer	10,957	10,686	271
101400	Quality Assurance	16,437	26,509	(10,072)
102179	Intake Worker	38,886	47,045	(8,159)
102120	Quality Assurance Director	26,034	34,143	(8,109)
TOTAL		<u>\$ 791,951</u>	<u>\$ 747,480</u>	<u>\$ 44,471</u>

See paragraph on required supplementary information included in auditor's report.

COMMUNITY COUNSELING AND MEDICATION SERVICES, INC.
GENERAL PREVENTION PROGRAM
PROGRAM BUDGET ID # 12-GP-CCM-BK
SCHEDULE OF FIXED ASSETS INVENTORY
For the year ended June 30, 2018

<u>Description</u>	<u>Year of Purchase</u>	<u>Serial Number</u>	<u>Date Purchased With ACS Funds</u>	<u>Cost</u>
				\$ -
				\$ -

See paragraph on supplementary information included in auditor's report.

COMMUNITY COUNSELING AND MEDICATION SERVICES, INC.
GENERAL PREVENTION PROGRAM
PROGRAM BUDGET ID # 12-GP-CCM-BK
SCHEDULE OF FRINGE BENEFITS
For the year ended June 30, 2018

<u>Description</u>	<u>Final Approved Budgeted</u>	<u>Actual</u>	<u>Actual Fringe % of Total Salary Cost</u>	<u>Variance</u>
FICA	\$ 60,584	\$ 57,006	\$ -	\$ 3,578
Health	95,034	95,851	-	(817)
Worker's Compensation	9,503	13,649	-	(4,146)
Unemployment	12,275	9,857	-	2,418
Disability	2,059	1,283	-	776
Other	<u>26,451</u>	<u>23,365</u>	<u>-</u>	<u>3,087</u>
TOTAL	\$ <u>205,907</u>	\$ <u>201,011</u>	\$ <u>-</u>	\$ <u>4,897</u>

See paragraph on required supplementary information included in auditor's report.

**COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
GENERAL PREVENTION PROGRAM BUDGET ID 312-GP-CCM-BK
SCHEDULE OF QUESTIONED COSTS
For the year ended June 30, 2018**

<u>Detailed Explanation of Questioned Costs</u>	<u>Questioned Costs</u>
<u>Budget Line Category</u>	
Not Applicable	\$ -
TOTAL DETAILED EXPLANATION OF QUESTIONED COSTS	\$ -

See paragraph on required supplementary information included in auditor's report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
GENERAL PREVENTION PROGRAM
PROGRAM BUDGET ID # 12-GP-CCM-BK
SCHEDULE OF QUANTITATIVE PROGRAM RESULTS
For the year ended June 30, 2018

QUANTIFIABLE INDICATORS

Number of open cases at beginning of period	82
Number of new cases during audit period	80
Number of cases serviced during audit period	162
Cases terminated	49
Cases open as of current year	113

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
FAMILY TREATMENT/REHABILITATION PROGRAM
PROGRAM BUDGET ID # 12-FTR-CCM-BK
STATEMENT OF REVENUES AND EXPENDITURES
For the year ended June 30, 2018

	FINAL APPROVED BUDGET	ACTUAL AMOUNTS	VARIANCE	QUESTIONED COSTS
<u>REVENUES:</u>				
ACS	\$ 1,656,118	\$ 1,514,752	\$ 141,366	\$ -
TOTAL REVENUES	<u>1,656,118</u>	<u>1,514,752</u>	<u>141,366</u>	<u>-</u>
<u>EXPENDITURES</u>				
PS Expenditures	1,022,802	1,027,780	(4,978)	-
TOTAL PS EXPENDITURES	<u>1,022,802</u>	<u>1,027,780</u>	<u>(4,978)</u>	<u>-</u>
<u>OTPS EXPENDITURES</u>				
OTPS Expenditures	482,760	445,150	37,610	-
TOTAL OTPS EXPENDITURES	<u>482,760</u>	<u>445,150</u>	<u>37,610</u>	<u>-</u>
TOTAL PS AND OTPS EXPENDITURES	1,505,562	1,472,930	32,632	-
Administrative Overhead	150,556	205,699	(55,143)	-
TOTAL EXPENDITURES	<u>1,656,118</u>	<u>1,678,629</u>	<u>(22,511)</u>	<u>-</u>
(Less) Questioned Costs	-	-	-	-
TOTAL ALLOWABLE COSTS	<u>1,656,118</u>	<u>1,678,629</u>	<u>(22,511)</u>	<u>-</u>
(Deficiency)/Excess of Revenue Over Expenses	\$ -	\$ (163,877)	\$ 163,877	\$ -

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
FAMILY TREATMENT/REHABILITATION PROGRAM
PROGRAM BUDGET ID # 12-FTR-CCM-BK
SCHEDULE OF SALARIES
For the year ended June 30, 2018

<u>Employee Identification Code</u>	<u>Title</u>	<u>Final Approved Budgeted Salary *</u>	<u>Actual Salary Paid</u>	<u>Variance</u>
102127	Program Director	\$ 16,108	\$ 43,762	\$ (27,654)
101154	Program Supervisor	66,300	66,373	(73)
100532	Program Supervisor	66,300	66,300	-
101500	MSW Case Planner	50,000	50,000	-
102117	LMSW Case Planner	50,000	47,901	2,099
102045	MSW Case Planner	50,000	49,844	156
102083	MSW Case Planner	40,000	33,495	6,505
100811	MSW Case Planner	50,000	50,000	-
100533	MS Case Planner	20,000	22,621	(2,621)
102225	MS Case Planner	20,000	18,404	1,596
101264	MS Case Planner	30,000	27,891	2,109
102129	MS Case Planner	43,730	56,891	(13,161)
101383	Conference Facilitator	55,000	50,000	5,000
100811	Group Facilitator	10,000	7,137	2,863
102066	Intake	36,769	26,917	9,852
101050	Intake	35,977	36,000	(23)
100996	Custodian/Maintenance	11,245	3,642	7,603
101113	Chief of Program	9,933	9,738	195
101937	Controller	28,752	28,188	564
101685	Development Director	28,752	28,188	564
102100	Fiscal Officer	21,956	21,525	431
102293	Fiscal Officer	21,956	21,525	431
102120	Quality Assurance Director	25,840	30,567	(4,726)
101400	QA Assistant	23,129	13,057	10,072
TOTAL		\$ 811,747	\$ 809,966	\$ 1,782

See paragraph on required supplementary information included on auditor's report .

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
FAMILY TREATMENT/REHABILITATION PROGRAM
PROGRAM BUDGET ID # 12-FTR-CCM-BK
SCHEDULE OF FIXED ASSETS INVENTORY
For the year ended June 30, 2018

<u>Description</u>	<u>Year of Purchase</u>	<u>Serial Number</u>	<u>Date Purchased with ACS Funds</u>	<u>Cost</u>
				\$ -
				\$ -

See paragraph on required supplementary information included in auditor's report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
FAMILY TREATMENT/REHABILITATION PROGRAM
PROGRAM BUDGET ID # 12-FTR-CCM-BK
SCHEDULE OF FRINGE BENEFITS
For the year ended June 30, 2018

<u>Description</u>	<u>Final Approved</u> <u>Budgeted</u>	<u>Actual</u>	<u>Actual Fringe</u> <u>% of Total</u> <u>Salary Cost</u>	<u>Variance</u>
FICA	\$ 62,099	\$ 61,771	7.63%	\$ 327
Health	97,410	103,864	12.82%	(6,454)
Worker's Compensation	9,741	14,790	1.83%	(5,049)
Unemployment	12,582	10,681	1.32%	1,901
Disability	2,111	1,390	0.17%	721
Other	27,112	25,318	3.13%	1,795
TOTAL	\$ 211,054	\$ 217,814	26.89%	\$ (6,760)

See paragraph on required supplementary information included in auditor's report.

**COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
FAMILY TREATMENT/REHABILITATION PROGRAM
PROGRAM BUDGET ID # 12-FTR-CCM-BK
SCHEDULE OF QUESTIONED COSTS
For the year ended June 30, 2018**

<u>Detailed Explanation of Questioned Costs</u>	<u>Questioned Costs</u>
<u>Budget Line Category</u>	
Not Applicable	\$ <u>-</u>
TOTAL DETAILED EXPLANATION OF QUESTIONED COSTS	\$ <u><u>-</u></u>

**COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
FAMILY TREATMENT/REHABILITATION PROGRAM
PROGRAM BUDGET ID # 12-FTR-CCM-BK
SCHEDULE OF QUANTITATIVE PROGRAM RESULTS
For the year ended June 30, 2018**

QUANTIFIABLE INDICATORS

Number of open cases at beginning of period	102
Number of new cases during audit period	77
Number of cases serviced during audit period	179
Cases terminated	57
Cases open as of current year	122

**COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
CHILD SUCCESS NEW YORK CITY (CSNYC-GPP) PREVENTIVE FUNDING
STATEMENT OF REVENUES AND EXPENDITURES
For the year ended June 30, 2018**

Schedule I

	<u>APPROVED BUDGET *</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE</u>	<u>QUESTIONED COSTS</u>
<u>REVENUES:</u>				
ACS	\$ 1,376,469	\$ 1,287,722	\$ 88,747	\$ -
TOTAL REVENUES	<u>\$ 1,376,469</u>	<u>\$ 1,287,722</u>	<u>\$ 88,747</u>	<u>\$ -</u>
<u>EXPENDITURES:</u>				
All Personnel Costs				
Salaries	791,951	747,480	44,471	-
Fringe	205,907	201,011	4,896	-
TOTAL PS EXPENDITURES	<u>997,858</u>	<u>948,491</u>	<u>49,367</u>	<u>-</u>
Consultants	54,685	54,685	-	-
Other OTPS	198,792	198,088	704	-
TOTAL POS and OTPS EXPENDITURES	<u>253,477</u>	<u>252,773</u>	<u>704</u>	<u>-</u>
TOTAL PS AND OTPS EXPENDITURES	<u>\$ 1,251,335</u>	<u>\$ 1,201,264</u>	<u>\$ 50,071</u>	<u>\$ -</u>
Administrative Overhead	125,134	174,869	(49,735)	-
TOTAL EXPENDITURES	<u>1,376,469</u>	<u>1,376,133</u>	<u>336</u>	<u>-</u>
(Less) Questioned Costs	-	-	-	-
TOTAL ALLOWABLE COSTS	<u>\$ 1,376,469</u>	<u>\$ 1,376,133</u>	<u>\$ 336</u>	<u>\$ -</u>
(Deficiency)/Excess of Revenue Over Expense	<u>\$ -</u>	<u>\$ (88,411)</u>	<u>\$ 88,411</u>	<u>\$ -</u>

** To Be Used For Preventive Portion of Child Success New York City Only;
Do Not include CSNY Foster Care Waiver Portion.*

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC.
CHILD SUCCESS NEW YORK CITY (CSNYC-FTR) PREVENTIVE FUNDING
STATEMENT OF REVENUES AND EXPENDITURES
For the year ended June 30, 2018

	<i><u>Schedule II</u></i>			
	<u>APPROVED BUDGET *</u>	<u>ACTUAL AMOUNTS</u>	<u>VARIANCE</u>	<u>QUESTIONED COSTS</u>
<u>REVENUES:</u>				
ACS	\$ 1,656,118	\$ 1,514,752	\$ 141,366	\$ -
TOTAL REVENUES	<u>\$ 1,656,118</u>	<u>\$ 1,514,752</u>	<u>\$ 141,366</u>	<u>\$ -</u>
<u>EXPENDITURES:</u>				
All Personnel Costs				
Salaries	811,748	809,966	1,782	-
Fringe	211,054	217,814	(6,760)	-
TOTAL PS EXPENDITURES	<u>1,022,802</u>	<u>1,027,780</u>	<u>(4,978)</u>	<u>-</u>
Consultants	72,653	72,653	-	-
Other OTPS	410,107	372,496	37,611	-
TOTAL POS and OTPS EXPENDITURES	<u>482,760</u>	<u>445,149</u>	<u>37,611</u>	<u>-</u>
TOTAL PS AND OTPS EXPENDITURES	<u>\$ 1,505,562</u>	<u>\$ 1,472,929</u>	<u>\$ 32,633</u>	<u>\$ -</u>
Administrative Overhead	\$ 150,556	\$ 205,699	\$ (55,143)	\$ -
TOTAL EXPENDITURES	<u>1,656,118</u>	<u>1,678,628</u>	<u>(22,510)</u>	<u>-</u>
(Less) Questioned Costs	-	-	-	-
TOTAL ALLOWABLE COSTS	<u>1,656,118</u>	<u>1,678,628</u>	<u>(22,510)</u>	<u>-</u>
(Deficiency)/Excess of Revenue Over Expense	<u>\$ -</u>	<u>\$ (163,876)</u>	<u>\$ 163,876</u>	<u>\$ -</u>

** To Be Used For Preventive Portion Of Child Success New York City Only;
Do Not Include CSNY Foster Care Waiver Portion.*

GOVERNMENT REPORT

**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**

The Board of Directors
Community Counseling and
Mediation Services, Inc.
25 Elm Place, 2nd Floor
Brooklyn, NY 11201

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 Community Counseling and Mediation Services, Inc., ("CCMS"), (a Non-for-Profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Valley Stream, New York
February 19, 2019