COMMUNITY COUNSELING AND MEDIATION SERVICES INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION

COMMUNITY COUNSELING & MEDIATION

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2020 AND 2019

AND

SINGLE AUDIT REPORTS AND SCHEDULE AS REQUIRED BY THE OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE

AND NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES SUPPLEMENTAL SCHEDULES

YEAR ENDED JUNE 30, 2020

MARKS PANETH

ACCOUNTANTS & ADVISORS

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION

CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2020 AND 2019

AND SINGLE AUDIT REPORTS AND SCHEDULE AS REQUIRED BY
THE OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE

AND NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES ("ACS")
SUPPLEMENTAL SCHEDULES

YEAR ENDED JUNE 30, 2020

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COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION

CONTENTS (Continued)

Family Treatment/Rehabilitation:

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Community Counseling and Mediation Services, Inc. and Affiliates
D/B/A Community Counseling and Mediation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Counseling and Mediation Services, Inc. ("CCMS") and Affiliates D/B/A Community Counseling and Mediation (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Counseling and Mediation Services, Inc. and Affiliates D/B/A Community Counseling and Mediation as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards ("SEFA") (shown on page 23) for the year ended June 30, 2020 for the Organization, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* ("Uniform Guidance"), Audits of States, Local Governments and Non-Profit Organizations and other supplemental schedules as required by New York City Administration for Children's Services ("ACS schedules") (shown on pages 34-41), are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 March 31, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Organization's internal control over financial reporting and compliance.

Marks Paneth LLP

New York, NY
March 31, 2021

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents (Notes 2E and 18)	$ 4,183,668	$ 2,753,596
Investments (Notes 2F, 6 and 7)	393,734	408,725
Contracts and grants receivable, net (Notes 2H, 2J and 5)	3,755,534	3,098,313
Patient accounts receivable (Notes 2I, 2J and 4)	721,425	577,550
Accounts receivable (Note 2J)	229,131	-
Prepaid expenses and other assets	572,665	481,599
Restricted deposits and funded reserves (Notes 2E and 8)	1,126,529	763,344
Investments held for retirement (Notes 2F and 7)	1,865,269	1,960,698
Property and equipment, net (Notes 2G, 9, 12 and 13)	58,902,273	48,047,264
TOTAL ASSETS	$ 71,750,228	$ 58,091,089
LIABILITIES		
Accounts payable and accrued expenses (Note 15D)	$ 1,427,555	$ 1,397,723
Accrued salaries and vacation	1,148,262	841,861
Accrued interest payable (Note 13)	2,189,959	1,594,919
Accrued pension benefits (Note 14)	995,162	898,523
Due to funding sources/deferred revenue (Note 2L)	618,528	97,726
Deferred rent (Note 2S)	172,030	-
Security deposit payable	30,065	6,027
Line of credit (Note 16)	1,500,000	503,437
Notes payable (Note 12)	27,636,183	18,374,889
Mortgages payable, net (Note 13)	19,139,761	18,864,148
TOTAL LIABILITIES	54,857,505	42,579,253
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS (Note 2C)		
Without donor restrictions:		
Operating	6,337,382	9,723,483
Net investment (deficit) in property and equipment	1,838,378	(1,880,017)
Total controlling interest	8,175,760	7,843,466
Noncontrolling limited partners' interest in consolidated limited partnerships (Notes 2P and 19)	8,716,963	7,668,370
Total without donor restrictions	16,892,723	15,511,836
TOTAL NET ASSETS	16,892,723	15,511,836
TOTAL LIABILITIES AND NET ASSETS	$ 71,750,228	$ 58,091,089

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

WITHOUT DONOR RESTRICTIONS	**2020**	**2019**
Operating Revenue:		
Government grants and contract services (Notes 2H and 11)	$ 8,946,836	$ 8,966,810
Patient services, net (Notes 2I and 10)	9,512,284	7,340,776
Contributions (Note 2D)	6,100	11,430
Rental income (Note 2Q)	2,071,545	1,770,552
Other revenue	257,708	160,104
NYC DOE - Pass Through Grant (Note 17)	66,638	179,375
Total Operating Revenue	20,861,111	18,429,047
Operating Expenses (Notes 2K and 2M)**:**		
Program Services:		
Mental Health HIV/AIDS and Substance Abuse	7,431,392	5,910,234
Education and Youth Development	2,355,585	2,815,715
Supportive Housing	6,955,602	4,370,656
Preventive and Adoption Services for Youth and Families	3,051,738	2,867,405
NYC DOE - Pass Through Grant (Note 17)	66,638	179,375
Total Program Services	19,860,955	16,143,385
Supporting Services:		
Management and General	2,842,620	2,331,923
Total Supporting Services	2,842,620	2,331,923
Total Operating Expenses	22,703,575	18,475,308
Change In Net Assets From Operations	(1,842,464)	(46,261)
Non-Operating Activities (Note 2K)**:**		
Investment activity (Notes 2F and 6)	(247,566)	94,510
Prior period activity (Note 2N)	345,859	-
Total Non-Operating Revenue	98,293	94,510
Change in Net Assets Before Pension-Related Changes	(1,744,171)	48,249
Other components of net periodic pension credit (costs) (Note 14)	(69,322)	(59,837)
CHANGE IN NET ASSETS	(1,813,493)	(11,588)
Change in net assets attributable to the controlling interest	332,294	790,537
Change in net assets attributable to the noncontrolling interest (Notes 2P and 19)	(2,145,787)	(802,125)
Net Assets - beginning of year, as originally stated	-	8,020,907
Prior period adjustments (Note 20)	-	1,063,880
Net assets - beginning of year - controlling interest	7,843,466	7,052,929
Net assets - beginning of year - noncontrolling interest	7,668,370	8,470,495
Capital contributions	3,194,380	-
Net assets - end of year - controlling interest	8,175,760	7,843,466
Net assets - end of year - noncontrolling interest	8,716,963	7,668,370
TOTAL NET ASSETS - END OF YEAR	$ 16,892,723	$ 15,511,836

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

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	PROGRAM SERVICES									
	Mental Health HIV/AIDS and Substance Abuse	**Education and Youth Development**	**Supportive Housing**	**Preventive and Adoption Services For Youth and Families**	**NYC DOE Pass Through Grant**	**Total Program Services**	**Management and General**	**Total Supporting Services**	**Total 2020**	**Total 2019**
Salaries	$ 4,113,619	$ 1,684,028	$ 1,761,031	$ 1,917,676	$ -	$ 9,476,354	$ 1,120,027	$ 1,120,027	$ 10,596,381	$ 9,035,853
Payroll taxes and employee benefits (Note 14)	671,176	289,417	446,111	525,618	-	1,932,322	483,102	483,102	2,415,424	1,789,721
Total salaries and related costs	4,784,795	1,973,445	2,207,142	2,443,294	-	11,408,676	1,603,129	1,603,129	13,011,805	10,825,574
Consulting and Professional Fees	898,679	32,872	942,962	57,571	-	1,932,084	345,416	345,416	2,277,500	1,920,959
Recruiting	18,765	1,451	10,510	5,800	-	36,526	31,735	31,735	68,261	93,389
Net Periodic Pension Costs Other Than the Service Cost (Note 14)	25,852	8,528	10,732	11,096	-	56,208	13,114	13,114	69,322	59,837
Staff Training and Other	139,053	11,404	-	1,388	-	151,845	8,647	8,647	160,492	66,741
Supplies	178,124	132,389	266,073	33,613	-	610,199	22,111	22,111	632,310	441,119
Travel and Client Activities	281,712	136,297	90,098	30,638	-	538,745	85,824	85,824	624,569	663,327
Occupancy (Note 15)	698,975	4,320	22,091	332,038	-	1,057,424	78,569	78,569	1,135,993	859,142
Repair and Maintenance	98,490	9,211	298,632	41,250	-	447,583	57,873	57,873	505,456	528,805
Telephone and Utilities	97,404	33,678	436,654	60,691	-	628,427	38,932	38,932	667,359	614,057
Equipment Rental and Purchase	96,567	14,221	163,221	31,388	-	305,397	34,506	34,506	339,903	301,382
Dues and Subscription	49,574	-	45,595	-	-	95,169	21,246	21,246	116,415	108,763
Printing, Publication and Postage	14,117	329	937	1,683	-	17,066	14,610	14,610	31,676	37,002
Payroll and Bank Charges	67,721	5,968	215,663	-	-	289,352	60,986	60,986	350,338	63,836
General Insurance	-	-	61,476	-	-	61,476	206,968	206,968	268,444	213,883
Depreciation and Amortization (Note 9)	-	-	1,334,020	-	-	1,334,020	59,574	59,574	1,393,594	866,334
Interest Expense	7,416	-	860,528	-	-	867,944	42,136	42,136	910,080	303,869
Provision for doubtful accounts	-	-	-	-	-	-	54,734	54,734	54,734	262,810
NYC DOE - Pass Through Grant (Note 17)	-	-	-	-	66,638	66,638	-	-	66,638	179,375
Miscellaneous	-	-	-	12,384	-	12,384	75,624	75,624	88,008	124,941
TOTAL FUNCTIONAL EXPENSES	7,457,244	2,364,113	6,966,334	3,062,834	66,638	19,917,163	2,855,734	2,855,734	22,772,897	18,535,145
Less: other components of net period pension cost (Note 14)	(25,852)	(8,528)	(10,732)	(11,096)	-	(56,208)	(13,114)	(13,114)	(69,322)	(59,837)
TOTAL EXPENSES	$ 7,431,392	$ 2,355,585	$ 6,955,602	$ 3,051,738	$ 66,638	$ 19,860,955	$ 2,842,620	$ 2,842,620	$ 22,703,575	$ 18,475,308

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

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES								
	Mental Health HIV/AIDS and Substance Abuse	Education and Youth Development	Supportive Housing	Preventive and Adoption Services For Youth and Families	NYC DOE Pass Through Grant	Total Program Services	Management and General	Total Supporting Services	Total
Salaries	$ 3,140,631	$ 2,016,884	$ 1,387,654	$ 1,690,478	$ -	$ 8,235,647	$ 800,206	$ 800,206	$ 9,035,853
Payroll taxes and employee benefits (Note 14)	494,841	315,936	335,157	456,589	-	1,602,523	187,198	187,198	1,789,721
Total salaries and related costs	3,635,472	2,332,820	1,722,811	2,147,067	-	9,838,170	987,404	987,404	10,825,574
Consulting and Professional Fees	920,699	31,365	599,987	64,725	-	1,616,776	304,183	304,183	1,920,959
Recruiting	14,598	4,279	125	6,220	-	25,222	68,167	68,167	93,389
Net Periodic Pension Costs Other Than the Service Cost (Note 14	21,992	10,477	8,178	10,670	-	51,317	8,520	8,520	59,837
Staff Training and Other	30,133	2,994	6,711	4,165	-	44,003	22,738	22,738	66,741
Supplies	138,173	116,193	125,527	47,014	-	426,907	14,212	14,212	441,119
Travel and Client Activities	340,018	180,480	51,303	36,260	-	608,061	55,266	55,266	663,327
Occupancy (Note 15)	429,787	43,858	40,769	276,417	-	790,831	68,311	68,311	859,142
Repair and Maintenance	94,506	19,294	248,451	146,759	-	509,010	19,795	19,795	528,805
Telephone and Utilities	104,231	39,576	387,180	45,582	-	576,569	37,488	37,488	614,057
Equipment Rental and Purchase	116,408	19,998	69,368	73,781	-	279,555	21,827	21,827	301,382
Dues and Subscription	50,185	-	38,107	3,255	-	91,547	17,216	17,216	108,763
Printing, Publication and Postage	16,213	72	879	58	-	17,222	19,780	19,780	37,002
Payroll and Bank Charges	6,668	-	719	-	-	7,387	56,449	56,449	63,836
General Insurance	-	-	-	-	-	-	213,883	213,883	213,883
Depreciation and Amortization (Note 9)	-	-	808,375	-	-	808,375	57,959	57,959	866,334
Interest Expense	-	-	256,455	-	-	256,455	47,414	47,414	303,869
Provision for doubtful accounts	-	-	-	-	-	-	262,810	262,810	262,810
NYC DOE - Pass Through Grant (Note 17)	-	-	-	-	179,375	179,375	-	-	179,375
Miscellaneous	13,143	24,786	13,889	16,102	-	67,920	57,021	57,021	124,941
TOTAL FUNCTIONAL EXPENSES	5,932,226	2,826,192	4,378,834	2,878,075	179,375	16,194,702	2,340,443	2,340,443	18,535,145
Less: other components of net period pension cost (Note 14)	(21,992)	(10,477)	(8,178)	(10,670)	-	(51,317)	(8,520)	(8,520)	(59,837)
TOTAL EXPENSES	$ 5,910,234	$ 2,815,715	$ 4,370,656	$ 2,867,405	$ 179,375	$ 16,143,385	$ 2,331,923	$ 2,331,923	$ 18,475,308

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

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (1,813,493)	$ (11,588)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,393,594	866,334
Amortization of deferred debt issuance costs	-	12,071
Unrealized loss (gain) on investments	156,117	(20,023)
Realized loss (gain) on investments	15,864	(9,033)
Provision for doubtful accounts	54,734	262,810
Subtotal	(193,184)	1,100,571
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Contracts and grants receivable	(711,955)	(445,550)
Patient accounts receivable	(143,875)	875,291
Accounts receivable	(229,131)	-
Prepaid expenses and other assets	(91,066)	(2,979)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	29,832	2,432,061
Accrued salaries and vacation	306,401	525,374
Accrued interest payable	595,040	254,873
Accrued pension benefits	96,639	123,402
Due to funding sources/deferred revenue	520,802	(164,507)
Deferred rent	172,030	-
Security deposit payable	24,038	(554)
Net Cash Provided by Operating Activities	375,571	4,697,982
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	(12,248,603)	(15,250,738)
Purchases of investments	(110,952)	(30,390)
Proceeds from sale of investments	49,391	143,962
Net Cash Used in Investing Activities	(12,310,164)	(15,137,166)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank lines of credit	1,500,000	160,495
Repayment of bank line of credit	(503,437)	(115,334)
Proceeds from notes payable	10,006,294	10,612,607
Principal repayments of notes payable	(745,000)	(100,000)
Proceed from mortgage	275,613	270,945
Capital contributions	3,194,380	-
Net Cash Provided by Financing Activities	13,727,850	10,828,713
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,793,257	389,529
Cash, cash equivalents and restricted cash - beginning of year	3,516,940	3,127,411
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 5,310,197	$ 3,516,940
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 461,902	$ 303,869

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

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Community Counseling and Mediation Services, Inc., D/B/A Community Counseling and Mediation ("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 is a 501(c)(3) organization exempt from federal, state and local taxes.

CCMS has two wholly-owned affiliate corporations namely, Jean’s Place GP, Inc., Rico’s Place Housing Development Fund Corporation (“HDFCs”) and Beverly HDFC which are New York non-profit Corporations, and all are 501(c)(3) tax exempt organizations. In addition, CCMS owns a 100% interest in corporations that serve as the general partner in three limited partnerships as follows: Beverly’s Place, L.P., Ruby’s Place Linden, L.P., and Georgia’s Place, L.P. (the “Limited Partnerships”) The wholly-owned corporations hold a nominal interest (of 1% or less) in the limited partnership developments financed with Low Income Housing Tax Credits (LIHTC). Many of these buildings set aside units dedicated to households with special needs. CCMS’ responsibilities include project acquisition, project development, initial tenanting, compliance oversight with regulatory requirements, monitoring financial status, and provision of tenant services. CCMS also acts as the managing agent of the HDFCs and Limited Partnerships. CCMS, HDFCs and Limited Partnerships are referred to as the Organization.

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 and affiliates 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.

- **Treatment Access & Prevention Services (TAPS)** – The program is federally funded by the Substance Abuse and Mental Health Administration (SAMHSA). Community Counseling & Mediation TAPS program is a case management outreach and prevention program. TAPS is designed to provide outreach, HIV and Hepatitis testing, referrals to treatment and case management services to males who engage in high-risk behaviors and their partners with substance abuse or co-occurring mental health disorders. The goal is to increase access to medical and prevention services to 300 unduplicated males ages 18 and up who are HIV positive or at risk for HIV/AIDS. In addition, case management services will be provided to 80 such clients annually. The primary goal of TAPS is to serve individuals who may lack the resources and support they need to be fully functioning and healthy members of society. Our aim is to provide an array of different services to best support our clients to reach physical and psychological health, stability and well- being. The program provides case management services to support clients who may need assistance with referrals, benefits applications, health checks, outpatient treatment, and culturally sensitive individual, group and family counseling.

- **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.

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES (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 Results Effectively)** - A community based martial arts program, using a comprehensive youth development strategy that includes violence prevention, behavior modification, peer mediation and conflict resolution.

C. 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 who are mentally ill or MICA diagnosed.

- **Beverly’s Place** - Permanent housing program (72 units) created to provide stabilization, medication, better health care, employment, and other services to help low-income residents live an independent life.

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

D. 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.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting*** - The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America.

B. ***Basis of Consolidation*** - The consolidated financial statements include the accounts of CCMS, the Limited Partnerships and the HDFCs (collectively, the "Organization"). Upon consolidation, all significant intercompany balances and transactions are eliminated. Non-controlling interests are shown as a component of net assets without restrictions in the consolidated statements of financial position and the share of the incomes or losses of the LPs attributed to non-controlling interest is shown as a component of the change in net assets without donor restriction in the consolidated statements of activities.

C. ***Consolidated Financial Statement Presentation*** - The Organization maintains its net assets under the following classes:

- Without donor restrictions – represents resources available for support of the Organization's operations over which the Board of Directors has discretionary control as well as investment in property, plant and equipment.

- With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. In addition, this includes resources received subject to donor-imposed stipulations that are maintained intact in perpetuity by the Organization. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor imposed conditions and restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase net assets without donor restrictions.

D. ***Contributions Receivable*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Material unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. If material, the discounts on those amounts are computed using risk-adjusted interest rates for the expected term of the promise to give applicable to the years in which the promises are received. Conditional promises to give, those with a measurable performance or other barrier and a right of return/release, are not included as support until the conditions are substantially met.

E. ***Cash and Cash Equivalents*** - For financial reporting purposes, all liquid investments with a maturity of three months or less at the time of purchase that are available for operations are considered to be cash equivalents.

The following table provides a reconciliation of cash and cash equivalents and restricted deposits and funded reserves (see Note 8) reported within the consolidated statements of the financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	2020	2019
Cash and cash equivalents	$ 4,183,668	$ 2,753,596
Restricted deposits and funded reserves	1,126,529	763,344
Total	$ 5,310,197	$ 3,516,940

F. ***Investments and Fair Value Measurements*** - Investments are reflected at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.

G. ***Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. The Organization capitalizes property and equipment with a cost of $5,000 or more and a useful life of greater than one year. Property and equipment purchased using government support is capitalized in accordance with the requirements of the funding source.

H. ***Government Contracts and Grants*** - Government grants for cost reimbursement contracts are considered conditional contributions and are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the resource providers. Conditional contributions occur when there is both a barrier (such as allowable expenses associated with cost-reimbursement contracts) and a right of return or release from the grantor. To the extent amounts received exceed amounts spent or cash received in advance for future services to be provided, the Organization records deferred revenue/refundable advances. The Organization received cost-reimbursable grants of $15,994,044 and $14,751,172 that have not been recognized as of June 30, 2020 and 2019, respectively because qualifying expenditures have not yet been incurred.

I. ***Patient Services Revenue*** - Service revenue is derived from contracts with customers. The Organization receives revenue from contracts with various government agencies, principally the New York State Office of Mental Health ("OMH") and Office of Alcoholism and Substance Abuse Services ("OASAS") to provide support and services to individuals and families. Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the contract services. These amounts are due from the government agencies, third-party payors (including government programs), and others and includes payments for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Service revenue is recognized after the services are performed.

J. ***Allowance for Uncollectible Receivables*** - The Organization determines whether an allowance for uncollectible receivables should be recorded. Such estimates are based on management's assessment of the aged basis of its receivables from government funding sources and contributions, current economic conditions, creditworthiness of contributors and historical information.

K. ***Operating and Non-Operating Activities*** - The Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. All activities related to investments, prior year revenue and other are recognized as non-operating activities.

L. ***Due to Funding Sources/Deferred Revenue*** - Advances/deferred revenue represents money received by the Organization under governmental grants for which the Organization has not yet met the grant conditions or provided the services. In addition, it includes amounts due to government agencies that primarily represent advances received during current and prior years. Such amounts will be recouped by the funding sources. As of June 30, 2020 and 2019, total amounts due were $618,528 and $97,726, respectively.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. ***Functional Allocation of Expenses*** - The cost of providing various program and supporting services has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, expenses that are not directly charged to programs and supporting services are allocated among programs and supporting services. The expenses that are allocated include occupancy and utilities, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

N. ***Prior Period Activity*** - There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to additional monies available over and above original contract amounts, recoupment by funding agencies, audit results and final contract reconciliation by funding agencies, etc.

O. ***Use of Estimates*** - The preparation of consolidated 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. ***Limited Partners' Interest*** - The noncontrolling limited partners and limited members' interest in the Organization's consolidated statements of financial position represents undistributed profits or losses and capital of the noncontrolling partners and members. For the years ended June 30, 2020 and 2019, the change in net assets attributable to the noncontrolling interest amounted to a loss of $2,145,787 and $802,125, respectively.

Q. ***Rental Income*** - Rental income is recognized as rentals become due. Rental income is recognized on the straight-line basis. All leases between the partnerships and the tenants of the property are operating leases.

R. ***Debt Issuance Costs*** - Debt issuance costs are presented as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the accompanying consolidated statements of functional expenses.

S. ***Deferred Rent*** - Generally accepted accounting principles in the United States ("U.S. GAAP") requires that the Organization accounts for free rent renovation credit and rent escalation charges on a straight-line basis. This accounting treatment is commonly referred to as "straight-lining of rent." The difference between rent expense, under this method, and the lower rental amounts actually paid to the landlord are reported as a "deferred rent" obligation in the accompanying consolidated statements of financial position. The change in the deferred rent liability is reflected in the accompanying consolidated statements of activities.

T. ***Recent Accounting Pronouncements*** - The Financial Accounting Standard Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) was adopted by the Organization for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Note 2H. The adoption of this ASU had no effect on the change in net assets as previously reported, but required an update to the Organization's accounting policy disclosures.

   FASB ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230). The core guidance in ASU No. 2016-18 is to address diversity in practice that exists in the classification and presentation of changes in restricted cash on the consolidated statements of cash flows. The ASU requires restricted cash or restricted cash equivalents to be included in the beginning-of-period and end-of-period total amounts on the consolidated statements of cash flows. For the year ended June 30, 2020, the Organization has implemented ASU 2016-18. The adoption of this ASU had no effect on the change in net assets as previously reported, but required a reclassification of $585,080 to the opening balance of cash, cash equivalents and restricted cash for the year ended June 30, 2019.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization adopted the provisions of FASB ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, that require an employer to report the service cost component separate from the other components of net benefit cost. The service cost component is reported in the same line of the consolidated statements of activities as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are reported as non-operating activities. In prior years, net benefit cost was reported with employee benefits. The consolidated statement of activities amounts of $29,868 in 2019 have been reclassified to give retroactive effect to the adoption, with no effect on the previously reported change in net assets. Service costs are disclosed in Note 14.

U. ***Reclassifications*** - Certain reclassifications have been made to the prior year presentation to conform to the current year presentation. Such reclassifications had no effect on net assets as previously reported.

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and receivables that provide funding for operations and expenditures as needed.

As of June 30, 2020 and 2019, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, include the following:

	2020	2019
Cash and cash equivalents	$ 4,183,668	$ 2,753,596
Investments	393,734	408,725
Contracts and grants receivable, net	3,755,534	3,098,313
Patient accounts receivable	721,425	577,550
Accounts receivable	229,131	-
Restricted deposits and funded reserves	1,126,529	763,344
Total Financial Assets	10,410,021	7,601,528
Less: Restricted deposits and funded reserves	(1,126,529)	(763,344)
Available for general expenditures in the next twelve months:	$ 9,283,492	$ 6,838,184

In addition, the Organization has a line of credit with maximum drawdown of $1.5 million. Refer to Note 16. Amounts reported within restricted deposits and funded reserves in the consolidated statements of financial position could be made available, provided the circumstances and approval required to draw on the reserve is met.

NOTE 4—PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Medicaid	$ 99,072	$ 239,839
Third-Party Payors	622,353	337,711
Total	$ 721,425	$ 577,550

NOTE 5—CONTRACTS AND GRANTS RECEIVABLE, NET

Contract and Grants receivable consisted of the following as of June 30, 2020 and 2019:

	2020	2019
New York City Administration for Children's Services	$ 1,066,207	$ 1,054,826
New York City Department of Youth and Community Development	755,346	1,063,593
U.S. Department of Housing and Urban Development	255,520	283,690
U.S. Department of Homeless Services	85,029	31,934
New York City Department of Health and Mental Hygiene	1,375,431	484,387
New York City Department of Education	218,001	179,883
Total contract and grants receivable, net	$ 3,755,534	$ 3,098,313

NOTE 6—INVESTMENTS

Investments consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Equities	$ 256,607	$ 273,547
Fixed Income	137,077	135,131
Mutual Funds	50	47
Total	$ 393,734	$ 408,725

Investments are subject to market volatility that could substantially change their carrying value in the near term.

Investment activity consisted of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Unrealized (loss) gain on investment	$ (297,117)	$ 20,023
Realized (loss) gain on investment	(15,864)	9,033
Interest and dividend income	71,878	71,619
Investment fees	(6,463)	(6,165)
Total investment activity	$ (247,566)	$ 94,510

NOTE 7—FAIR VALUE MEASUREMENTS

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

NOTE 7—FAIR VALUE MEASUREMENTS (Continued)

Investments in mutual funds and equities are valued using market prices in active markets "Level 1." Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in corporate obligations and U.S. government bonds and notes are valued using quoted prices in inactive markets ("Level 2.") Level 2 instruments valuations are also obtained from similar assets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

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 with FASB Accounting Standards Codification ("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.

The Common Investment Fund utilizes screened socially responsible investments to replicate the S&P 500 Index. Shares in the Common Investment Fund are liquid with conversion to cash generally within a few days.

Financial assets carried at fair value as of June 30, 2020, are classified in the table as follows:

	Level 1	Level 2	Total
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Equities	$ 256,607	$ -	$ 256,607
Fixed Income	-	137,077	137,077
Mutual Fund	50	-	50
	256,657	137,077	393,734
Investments held for retirement plan:			
Annuities	-	1,865,269	1,865,269
TOTAL ASSETS AT FAIR VALUE	$ 256,657	$ 2,002,276	$ 2,259,003

Financial assets carried at fair value as of June 30, 2019 are classified in the table as follows:

	Level 1	Level 2	Total
ASSETS CARRIED AT FAIR VALUE			
Investments:			
Equities	$ 273,547	$ -	$ 273,547
Fixed Income	-	135,131	135,131
Mutual Fund	47	-	47
	273,594	135,131	408,725
Investments held for retirement plan:			
Annuities	-	1,960,698	1,960,698
TOTAL ASSETS AT FAIR VALUE	$ 273,594	$ 2,095,829	$ 2,369,423

NOTE 8—RESTRICTED DEPOSITS AND FUNDED RESERVES

In accordance with partnership agreements and other regulatory agreements, the Limited Partnerships are required to establish and maintain certain reserve accounts which are considered restricted cash.

Reserves consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Operating reserve	$ 515,640	$ 467,856
Replacement reserve	381,413	73,943
Revenue deficit reserve	229,476	221,545
	$ 1,126,529	$ 763,344

NOTE 9—PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30, 2020:

	CCMS	Limited Partnerships	Total	
Land	$ 2,761,134	$ 5,661,103	$ 8,422,237	
Land improvements	-	503,545	503,545	
Building	279,108	54,311,126	54,590,234	39 years
Equipment	202,377	282,512	484,889	5-10 years
Furniture and fixtures	53,836	756,842	810,678	5-10 years
Leasehold improvements	127,449	-	127,449	5-10 years
Capital improvements	231,380	-	231,380	39 years
Building improvement	-	47,348	47,348	5 years
Construction in progress	115,139	1,685,886	1,801,025	
Total cost	3,770,423	63,248,362	67,018,785	
Less: accumulated depreciation and amortization	(469,789)	(7,646,723)	(8,116,512)	
Net book value	$ 3,300,634	$ 55,601,639	$ 58,902,273	

Property and equipment consisted of the following as of June 30, 2019:

	CCMS	Limited Partnerships	Total	
Land	$ 82,935	$ 5,661,103	$ 5,744,038	
Land improvements	-	503,545	503,545	
Building	279,108	26,064,588	26,343,696	39 years
Equipment	670,297	273,491	943,788	5-10 years
Furniture and fixtures	232,621	677,510	910,131	5-10 years
Leasehold improvements	500,385	-	500,385	5-10 years
Capital improvements	231,380	-	231,380	39 years
Vehicles	18,545	-	18,545	5 years
Construction in progress	-	20,745,097	20,745,097	
Total cost	2,015,271	53,925,334	55,940,605	
Less: accumulated depreciation and amortization	(1,575,849)	(6,317,492)	(7,893,341)	
Net book value	$ 439,422	$ 47,607,842	$ 48,047,264	

Depreciation and amortization expense amounted to $1,393,594 and $866,334 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9—PROPERTY AND EQUIPMENT, NET

The Organization had disposals of $1,170,423 for the year ended June 30, 2020. There were no disposals for the year ended June 30, 2019.

Construction in progress consists of construction and rehabilitation of a residential rental building owned by Jean's Place and Rico's Place. Jean's Place will be a permanent supportive housing facility for formerly homeless individuals with preference for the elderly. Jean's Place GP, Inc. construction is expected to be completed in 2021 at an estimated final cost of approximately $85 million. Rico's Place is permanent housing for families where at least one member is living with AIDS. Rico's Place's renovation is expected to be completed in 2022 at an estimated final cost of $651,975. Rico's Place is financed by the New York State Division of Housing and Community Renewal ("DHCR") in which the Low-Income Housing Credits are received.

For the year ended June 30, 2020, CCMS purchased land for Jackson's Place. A 9% Low-Income Housing Tax Credit application has been submitted for Jackson's Place.

NOTE 10—PATIENT SERVICE REVENUE

Patient Services revenue consisted of the following for years ended June 30, 2020 and 2019:

	2020	2019
Medicaid	$ 734,623	$ 521,369
Self-Pay	246,092	231,748
Third-Party Payor	8,300,508	6,332,574
Other Revenue	231,061	255,085
	$ 9,512,284	$ 7,340,776

NOTE 11—GRANTS AND CONTRACT SERVICES REVENUE

Grants and contract services revenue consisted of the following for years ended June 30, 2020 and 2019:

	2020	2019
New York City Administration for Children's Services	$ 3,290,473	$ 3,372,289
U.S. Department of Housing and Urban Development	529,452	396,611
Department of Youth and Community Development	2,303,700	2,575,684
New York City Department of Homeless Services	82,184	98,670
New York City Department of Health and Mental Hygiene	1,996,675	1,277,804
Substance Abuse and Mental Health Services Administration	455,208	754,805
New York City Department of Education	241,044	490,947
Others	48,100	-
	$ 8,946,836	$ 8,966,810

NOTE 12—NOTES PAYABLE

Loans payable consist of the following as of June 30, 2020 and 2019:

	2020	2019
Beverly's Place, L.P. entered into a promissory note with a bank in the amount of $5,821,989. The unpaid principal balance of this note shall bear interest at a fluctuating rate of interest per annum equal to the London Inter-Bank Offered Rate ("LIBOR") daily floating rate for that day plus two hundred twenty-five (225) basis points. The note matures on May 20, 2021, at which time a balloon payment is due. The note is secured by the Beverly's Place property.	$ 3,547,395	$ 1,598,280
Beverly's Place, L.P. entered into a promissory note with a bank in the amount of $14,607,098. The unpaid principal balance of this note shall bear interest at a fluctuating rate of interest per annum equal to the LIBOR daily floating rate for that day plus two hundred twenty-five (225) basis points. The loan requires monthly interest-only payments until maturity on May 20, 2021, at which time a balloon payment is due. The note is secured by the Beverly's Place property.	14,607,098	9,311,752
Beverly's Place, L.P. entered into a promissory note with a bank in the amount of $7,323,190. The unpaid principal balance of this note is not past due, shall bear interest at a fluctuating rate of interest per annum equal to the LIBOR daily floating rate for that day plus two hundred twenty-five (225) basis points. The loan requires monthly interest-only payments until maturity on May 20, 2021, at which time a balloon payment is due. The note is secured by the Beverly's Place property.	7,323,190	7,323,190
CCMS entered into a promissory note with JP Morgan Chase Bank for $500,000. The note bears interest at 4.91% and is payable in monthly installments of $8,333, plus accrued interest. The note matures on November 24, 2020. The loan is fully paid as of December 18, 2020.	41,667	141,667
CCMS applied for this loan through an SBA authorized lender. The loan, amounting to $2,116,833, was approved on April 17, 2020 and funded on May 1, 2020. The loan has an interest rate of .98% after the deferment period of ten months after the funding date. If the loan or a portion of the loan is not forgiven, principal and interest payments will be paid monthly, and the loan will mature on April 17, 2022. Loan recipients can be eligible for loan forgiveness equal to the total amount paid for payroll costs, rent and utility costs if the number of full-time equivalent employees is maintained.	2,116,833	-
	$ 27,636,183	$ 18,374,889

Future annual principal payments are as follows for the years ending after June 30, 2020:

2021	$ 25,519,350
2022	2,116,833
	$ 27,636,183

The financing obtained by Beverly's Place, L.P. is temporary in nature and is expected to convert to permanent financing before the extended maturity date of May 20, 2021. Accrued interest attributable to the loans above as of June 30, 2020 and 2019 was $36,687 and $55,708, respectively.

NOTE 13—MORTGAGES PAYABLE, NET

Mortgages payable consist of the following as of June 30, 2020 and 2019:

	2020	2019
Ruby's Place Linden, L.P. entered into a mortgage Loan agreement with the New York City Department of Housing Preservation and Development ("HPD") in the amount of $6,840,000. The Mortgage does not accrue interest before conversion and accrues interest at a rate of 2.5% per annum from conversion to maturity. No payments of principal and accrued interest are due until the maturity date. The Maturity date of the converted loan is 60 years after the conversion date, which occurred on October 29, 2018. The mortgage is secured by a first lien on the rental property. The accrued interest as of June 30, 2020 and 2019 amounted to $978,467 and $650,343, respectively.	$ 6,840,000	$ 6,840,000
Ruby's Place Linden, L.P. entered into a mortgage Loan agreement with the New York State Homeless Housing and Assistance Corporation ("NYSHHAC") in the amount of $3,500,000. The mortgage bears interest at 6.25% per annum and matures on December 29, 2075. No payments of principal and accrued interest are due until the maturity date. The mortgage is secured by a first lien on the rental property. The accrued interest as of June 30, 2020 and 2019 amounted to $287,503 and $100,107, respectively.	3,500,000	3,462,171
Rico's Place Housing Development Fund Corporation entered into a mortgage with HPD. The mortgage bears interest at 1% per annum and matures on May 28, 2032. The mortgage is secured by property. The accrued interest as of June 30, 2020 and 2019 amounted to $484,549 and $459,721, respectively.	2,482,816	2,482,816
Rico's Place Housing Development Fund Corporation entered into a mortgage with HPD in the amount of $464,412 which was increased to $575,977. The mortgage bears interest at 2.61% per annum and matures on July 1, 2049. The mortgage is secured by property. The accrued interest as of June 30, 2020 and 2019, amounted to $13,678 and $3,475, respectively.	390,943	153,159
Rico's Place Housing Development Fund Corporation entered into a mortgage with New York City Housing Development Corporation ("NYCHDC"). The mortgage bears no interest and matures on July 1, 2049. The mortgage is secured by property.	120,082	120,082
Rico's Place Housing Development Fund Corporation entered into a mortgage with NYCHDC. The mortgage bears interest at 2.61% interest per annum and matures on July 1, 2049. The mortgage is secured by property. The accrued interest as of June 30, 2020 and 2019, amounted to $1,330 and $1,045, respectively.	21,846	21,846
Georgia's Place, L.P. entered into a noninterest-bearing mortgage with HPD in the amount of 3,372,762. Monthly payments of principal are deferred until the mortgage matures in 2034. The mortgage is secured by property.	3,267,145	3,267,145
Georgia's Place, L.P. entered into a mortgage with NYSHHAC. The mortgage bears interest at 1% interest per annum and matures in 2034. The mortgage is secured by property. The accrued interest as of June 30, 2020 and 2019, amounted to $387,745 and $324,520, respectively.	2,529,000	2,529,000
	$ 19,151,832	$ 18,876,219
Less: Deferred financing costs	(12,071)	(12,071)
	$ 19,139,761	$ 18,864,148

NOTE 14—PENSION PLANS

CCMS sponsors a defined benefit pension plan (the "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. Benefits accrued under the plan were frozen effective December 31, 2005.

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 funded status of the Organization Plan as of June 30 is as follows:

Change in benefit obligation:	2020	2019
Benefit obligation at beginning of year	$ 1,646,237	$ 1,460,252
Service cost	-	29,868
Interest cost	57,080	60,317
Actuarial loss	247,226	160,122
Benefits paid	(69,709)	(64,322)
Benefit obligation at end of year	1,880,834	1,646,237
Fair value of plan assets	885,672	747,714
Funded status	$ (995,162)	$ (898,523)

NOTE 14—PENSION PLANS (Continued)

As of June 30, 2020, the accumulated benefit obligation for the Organization plan was $1,880,834 and $1,646,237, respectively.

The components of the net periodic benefit cost consisted of the following for the year ended June 30:

	2020	2019
Service cost	$ -	$ 29,868
Other components of cost		
Interest cost	57,080	60,317
Expected return on plan assets	(48,443)	(28,037)
Amortization of net loss	60,685	27,557
Total of other components	69,322	59,837
Net periodic benefit cost	$ 69,322	$ 89,705

Amounts not yet amortized as components of net periodic pension cost but recognized in in net assets without donor restriction as of June 30, 2020 and 2019 amounted to $1,051,290 and $892,838, respectively.

The measurement of the net periodic pension cost for the year ended June 30, 2020 is based on the following assumptions:

Discount rate	2.75%
Expected return on assets	6.00%

The measurement of the net periodic pension cost for the year ended June 30, 2019 is based on the following assumptions:

Discount rate	3.55%
Long-term rate of return on plan assets	6.00%

Expected future benefit payments are summarized as follows:

2021	$ 76,766
2022	73,863
2023	71,708
2024	70,915
2025	76,439
Thereafter	377,319
	$ 747,010

As of June 30, 2020, the minimum funding requirement for the plan year ending December 31, 2019 amounts to $146,298 and was paid in September 2020. In accordance with FASB ASC 715, these consolidated financial statements contain a provision for benefit obligation in the amount of $995,162, which represents the excess of projected benefit obligations over the market value of these plan's assets.

The plan assets as of June 30, 2020 consists of $1,193,868 in mutual funds. The plan assets as of June 30, 2019 consist of $592,963 in equities and options and $148,252 in mutual funds.

NOTE 15—COMMITMENTS AND CONTINGENCIES

A. The Organization is committed under various leases for certain office facilities and equipment. The leases expire at various dates in the future.

The minimum annual rentals for real property under noncancelable leases are as follows for the years ended after June 30, 2020:

2021	$ 798,000
2022	870,000
2023	905,000
2024	926,000
2025	947,000
Thereafter	4,578,000
	$ 9,024,000

Rental expense for the years ended June 30, 2020 and 2019 amounted to $1,038,827 and $859,142, respectively.

B. Pursuant to the Organization's contractual relationships with certain funding sources, outside agencies have the right to examine the Organization's books and records which pertain to transactions relating to their contracts. The accompanying consolidated financial statements do not include a provision for possible disallowances and reimbursements, except as disclosed in Note 2L. CCMS has contracted with various governmental agencies to perform certain healthcare services and receives Medicaid and welfare revenue from the State of New York and the federal government. Reimbursements received under these contracts and payments under Medicaid and welfare are subject to audit by the federal and state governments. Upon audit, if discrepancies are discovered, CCMS could be held responsible for reimbursing the agencies for the amount in question. Although such possible disallowances can be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

C. 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 consolidated 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.

D. In a letter to CCMS dated December 16, 2014, the New York State Department of Labor ("NYSDOL") stated that the Organization's contribution account was underpaid by $199,732. The Organization contracted with third party representation to contest NYSDOL's findings. A letter from the State of New York Office of the Attorney General, dated September 10, 2020, concluded that CCMS is to pay $333,389 which includes accrued interest through September 11, 2020. For the year ended June 30 2020, CCMS accrued the full amount as determined by NYSDOL.

E. The Organization believes it has no uncertain tax positions as of June 30, 2020, in accordance with FASB ASC 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

F. Under the regulatory agreements the HDFC's and LPs may not increase rent charged to tenants without the approval of the regulatory agencies.

G. Pursuant to the conditions and requirements described in the limited partnership agreements, CCMS has provided certain guarantees to the limited partnerships. In addition, the CCMS wholly-owned general partners are contingently liable for the liabilities of the limited partnerships. Management does not believe that any accrual is required as of June 30, 2020, relating to the guarantees or contingent liabilities because performance under the guarantee is not probable.

NOTE 15—COMMITMENTS AND CONTINGENCIES (Continued)

H. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our mission, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which our financial condition and results of operations will be affected.

NOTE 16—LINE OF CREDIT

The Organization has a line of credit with a bank that provides for borrowings up to $2,000,000 with interest set at the London Inter-bank Offered Rate ("LIBOR") plus 3.0 % per annum (LIBOR was at 3.16% as of June 30, 2020). The line of credit matured on May 18, 2020 and renewed on July 13, 2020, with a new maturity date of July 18, 2021. The outstanding balances as of June 30, 2020 and 2019 were $1,500,000 and $503,437, respectively. There was no outstanding balance on the line of credit as of March 31, 2021.

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—CONCENTRATION

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accounts are insured up to $250,000 per depositor, per institution. As of June 30, 2020 and 2019, there were approximately $3.6 million and $1.6 million of cash and cash equivalents held by two banks that exceeded FDIC limits.

NOTE 19—NON-CONTROLLING LIMITED PARTNERS' INTERESTS

The Organization has a controlling interest in Beverly's Place, L.P., Ruby's Place Linden, L.P., and Georgia's Place, L.P., which are consolidated in the accompanying consolidated financial statements.

A summary of the assets, liabilities and equity of the partnership as of June 30, 2020 is as follows:

	Total	CCMS' Share	Limited Partners' Share
Assets:			
Reserves, deposits and other assets	$ 1,621,600	$ 163	$ 1,621,437
Property and equipment	55,332,166	5,214	55,326,633
Total Assets	56,953,766	5,377	56,948,070
Liabilities:			
Other	6,760,819	676	6,760,143
Mortgages and loans payable	41,475,431	4,148	41,471,283
Total Liabilities	48,236,250	4,824	48,231,426
Equity	$ 8,717,516	$ 553	$ 8,716,963

NOTE 19—NON-CONTROLLING LIMITED PARTNERS' INTERESTS (Continued)

A summary of the revenue and expenses of limited partnerships for the year ended June 30, 2020 is as follows:

	Total	CCMS' Share	Limited Partners' Share
Revenues	$ 1,853,892	$ 185	$ 1,853,707
Expenses	3,999,893	399	3,999,494
Results of Operations	$ (2,146,001)	$ (214)	$ (2,145,787)

In connection with this investment, the Organization has recognized the related non-controlling limited partners' ownership interest as of June 30, 2020 as follows:

For Profit Affiliates	CCMS' Percent of Ownership	CCMS' Interest	Non-controlling Percent of Ownership	Non-controlling Interest
Beverly's Place, L.P.	0.01%	$ 199	99.99%	$ 4,878,122
Ruby's Place Linden, L.P.	0.01%	526	99.99%	5,558,433
Georgia's Place, L.P.	0.01%	(172)	99.99%	(1,719,592)
Total		$ 553		$ 8,716,963

A summary of the assets, liabilities and equity of the partnership as of June 30, 2019 is as follows:

	Total	CCMS' Share	Limited Partners' Share
Assets:			
Reserves, deposits and other assets	$ 1,428,342	$ 143	$ 1,428,199
Property and equipment	44,640,016	4,464	44,635,552
Total Assets	46,068,358	4,607	46,063,751
Liabilities:			
Other	4,067,683	407	4,067,276
Mortgages and loans payable	34,331,538	3,433	34,328,105
Total Liabilities	38,399,221	3,840	38,395,381
Equity	$ 7,669,137	$ 767	$ 7,668,370

A summary of the revenues and expenses of limited partnerships for the year ended June 30, 2019 is as follows:

	Total	CCMS' Share	Limited Partners' Share
Revenue	$ 1,493,400	$ 150	$ 1,493,250
Expenses	2,295,605	230	2,295,375
Results of Operations	$ (802,205)	$ (80)	$ (802,125)

NOTE 19—NON-CONTROLLING LIMITED PARTNERS' INTERESTS (Continued)

In connection with this investment, the Organization has recognized the related non-controlling limited partners' ownership interest as of June 30, 2019 as follows:

For Profit Affiliates	CCMS' Percent of Ownership	CCMS' Interest	Non-controlling Percent of Ownership	Non-controlling Interest
Beverly's Place, L.P.	0.01%	$ 282	99.99%	$ 2,817,359
Ruby's Place Linden, L.P.	0.01%	639	99.99%	6,391,955
Georgia's Place, L.P.	0.01%	154	99.99%	(1,540,816)
Total		$ 767		$ 7,668,370

NOTE 20—PRIOR PERIOD ADJUSTMENTS

Subsequent to the issuance of the June 30, 2018 financial statements, the Organization's management discovered that net assets accounts, intercompany balances and miscellaneous items were not properly reflected in the June 30, 2018 financial statements and, accordingly the beginning net asset balance was understated by $1,063,880. As a result, for the year ended June 30, 2019, the Organization's net assets balance increased by $1,063,880 as a result of intercompany eliminations and adjustments required when consolidating the affiliates of the Organization.

NOTE 21—SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the consolidated statement of financial position date through March 31, 2021, the date the consolidated financial statements were available to be issued. See Note 15D for related disclosure.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Total Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services Public Health Service				
TAPS (Treatment Access and Prevention Services)	93.243	N/A	$ 426,710	$ -
Total U.S. Department of Health and Human Services			426,710	-
U.S. Department of Housing and Urban Development				
Community Counseling Mediation and Services:				
Rico Housing - Continuum of Care Program	14.267	N/A	221,412	-
Georgia Housing - Continuum of Care Program	14.267	N/A	253,721	-
			475,133	-
Limited Partnerships:				
Pass-through NYC Department of Housing Preservation and Development				
Ruby Housing - Continuum of Care Program	14.267	NY0941L2T001300	295,509	-
Rico Housing - Continuum of Care Program	14.267	NY0597L2T001810	197,171	-
Georgia Housing - Continuum of Care Program	14.267	NY0597L2T001810	380,280	-
			872,960	-
Total Continuum of Care Program	14.267		1,348,093	
Total U.S. Department of Housing Urban and Development			1,348,093	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,774,803	$ -

See independent auditors' report and notes to the schedule of expenditures of federal awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal awards activity of Community Counseling and Mediation Services, Inc. ("CCMS") and Affiliates D/B/A Community Counseling and Mediation (collectively, the "Organization"), for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATES

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

INDEPENDENT AUDITORS' 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. and Affiliates
D/B/A Community Counseling and Mediation

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 consolidated financial statements of Community Counseling and Mediation Services, Inc. ("CCMS") and Affiliates D/B/A Community Counseling and Mediation (collectively the "Organization") which comprise of the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-002, 2020-003 and 2020-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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.*

The Organization's Responses to Findings

The Organization's responses to the findings identified in our audit are included in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Marks Paneth LLP

New York, NY
March 31, 2021

Marks Paneth LLP
685 Third Avenue
New York, NY 10017
P 212.503.8800
F 212.370.3759
markspaneth.com

MARKS PANETH
ACCOUNTANTS & ADVISORS

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

The Board of Directors
Community Counseling and Mediation Services, Inc. and Affiliates
D/B/A Community Counseling and Mediation

Report on Compliance for Each Major Federal Programs

We have audited Community Counseling and Mediation Services, Inc. ("CCMS") and Affiliates' D/B/A Community Counseling and Mediation (collectively, the "Organization"), compliance with the types of compliance requirements described in the *U.S Office of Management and Budget* ("OMB") *Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("GAS"), 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 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on its Major Federal Programs

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

Purpose of this Report

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marks Paneth LLP

New York, NY
March 31, 2021

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

Section I—Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	X Yes	___ No
Significant deficiency identified not considered to be material weaknesses?	X Yes	___ None reported
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	___ Yes	X No
Significant deficiency identified not considered to be material weaknesses?	___ Yes	X None reported
Type of auditors' report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	___ Yes	X No

Identification of major program:

- Continuum of Care Program - CFDA # 14.267

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualified as low-risk auditee?	___ Yes	X No

Section II—Financial Statement Findings

Material Weakness

2020-001- Timely Reconciliation and Accounting Close

Criteria:
The accounts of the Organization should be closed and analyzed in a timely fashion and reviewed for accuracy.

Condition:
The books and records were not substantially ready for audit in a timely manner. Audit fieldwork began in November 2020 and a final trial balance was not presented to the auditors until January 2021.

Cause:
The books and records of the Organization were not timely analyzed and reviewed prior to audit to detect and correct errors/anomalies.

Effect:
As a result, numerous adjusting entries were required to be proposed by the auditor and the audit completion was substantially delayed.

Recommendation:
We recommend that the Organization reconcile and close its books on a regular basis (i.e. monthly or quarterly).

Views of Responsible Officials: Due to the pandemic, fiscal staff are regularly working from home but the remote working has not been set up properly so the staff sometimes don't have access to the accounting software and other accounting files, which greatly slowed our completion of certain accounting tasks. We will work with our IT personnel to improve the remote working environment and make sure the year-end closing is completed timely and accurately in the future. The controller, Size Qiu, will be responsible for the correction. It is expected to be completed by 6/30/2021.

<u>Significant Deficiencies</u>

2020-002 – Patient Files

Criteria:
The New York State Office of Mental Health ("OMH") and the Office of Medicaid Inspector General ("OMIG") set guidelines for providers for services provided under Medicaid. Included in the guidelines are documentation requirements on evaluations review, approval and authorization of treatment plans, progress notes, billings codes, etc. Documentation must be maintained for all Medical services provided during the year.

Condition:
During our review of patient files, we noted 2 instances of late treatment plans.

Cause:
CCMS failed to maintain adequate review and controls over medical records for services provided during the year.

Effect:
Failure to maintain proper supporting documentations for services provided may result in loss of funding and is not in compliance with New York State OMH and the Office of Medicaid Inspector General guidelines.

This is a repeat finding reported in the prior year as 2019-002

Recommendation:
We recommend that management implement a review process to ensure compliance with New York State OMH and OMIG guidelines for claims and service documentation. In addition, we encourage the Organization to review our findings in detail and decide whether a self-disclosure to OMIG is required.

Views of Responsible Officials: CCM has an established monitoring system for treatment plan reviews compliance but the system became deterred in 2020 because of the COVID-19 pandemic. Moving forward, CCM will resume the monitoring system and ensure patient files comply with OMH and OMIG regulations. To monitor compliance, CCM's Quality Assurance Manager will review a sample of at least five randomly selected active charts monthly, using the OMIG protocol in order to ascertain level of compliance with this standard. The Clinic Director will be notified when non-compliance occurs. Clinical supervision will be utilized in instances where individuals fail to follow the protocol. The quality assurance manager, Peiying Ou, will be responsible for the correction. It is expected to be completed by 6/30/2021.

2020-003 – Adjustments to Net Assets

Criteria:
Journal entries should not be made directly to retained earnings or net assets.

Condition:
During our review of the Organization's equity/net asset balances we noted entries made to retained earnings or net assets or entries made in the prior period after the prior year audit was finalized.

Cause:
Proper review of the general ledger was not performed timely during the year or when closing the books and records of the Organization.

Effect:
Additional audit adjustments were required to be proposed during the audit in order to properly state retained earnings or net assets.

Recommendation:
We recommend that management implement a policy or process to ensure that the accounting period is properly closed so adjustments cannot be made to prior periods once the audit is completed and issued.

Views of Responsible Officials: FY2019 was the first year for us to consolidate all LPs, so previously we hadn't prevented entries for LPs before June 30th until the audit preparation for the calendar year ending December 31st is completed. Starting from FY2021, we prevent any entries to retained earnings or to prior closed fiscal years for CCM and LPs. The controller, Size Qiu, will be responsible for the correction. It is expected to be completed by 6/30/2021.

2020-004 – Medical Billing Rates

Criteria:
Billing rates in AccuMed should be updated as needed, typically once or twice a year based on rates obtained from various health insurance companies.

Condition:
When testing service billings, the auditor noted that the rates billed did not equal the amounts paid to the Organization.

Cause:
The Organization did not update their billing rates timely.

Effect:
The Organization is required to make manual adjustments to the revenue to match the amount paid after the bill has already been sent to the health insurer. This creates a greater opportunity for error in recording patient service revenues.

Recommendation:
We recommend that billing rates be updated when they are changed, and management should implement a review process to ensure billing rates in AccuMed are accurate.

Views of Responsible Officials: This in caused by billing department not being aware of the rate changes. The billing department will check the rates on Office of Mental Health and report the results to our quality assurance manager monthly. The quality assurance manager, Peiying Ou, will be responsible for the correction. It is expected to be completed by 6/30/2021.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Prior Year Findings:

Material Weakness – 2019-001

Condition:
The finding was a material weakness as a result of controls not properly identifying differences between the 2018 net assets and certain intercompany balances. A prior period adjustment was required to properly state the 2019 financial statements.

Recommendation:
We recommended that the Organization reviews its account balances in the general ledger and financial statements to ensure that the balances are correct and agree with each other.

Current Year Status:

We noted this year's financial statements did not require a prior period adjustment; this finding is no longer relevant.

Significant Deficiency – 2019-002

Condition:
The finding noted instances of missing progress notes, treatment plans, late treatment plans, missing authorizations for treatment plans, inadequate documentation of discharge, missing insurance information etc. related to the Organization's patient files.

Recommendation:
We recommended that management implement a review process to ensure compliance with New York State OMH and OMIG guidelines.

Current Year Status:

Although there were improvements in the patient files, we still have a repeat finding reported in finding 2020-002 for 2 patient files reviewed.

CCM
25 Elm Place, 2nd Floor, Brooklyn, NY 11201
PH 718 802 0666 . FAX 718 858 9493 . WWW.CCMNYC.ORG

March 31, 2021

Marks Paneth LLP
Attention: Mr. Joseph Kanjamala, CPA, Partner
685 Third Avenue,
New York, NY 10017

Re – Corrective Action Plan (Single Audit Findings for the Fiscal Year Ended June 30, 2020)

Gentlemen:
Please find below the summary corrective action plans on the Financial Statement Findings as well as on the Federal Award Findings and Question Costs that you indicated on your Single Audit report dated March 31, 2021:

Section II—Financial Statement Findings

<u>**Material Weakness**</u>

2020-001- Timely Reconciliation and Accounting Close

Criteria:
The books and records of the organization should be closed in a timely fashion and reviewed for accuracy.

Condition:
The books and records were not substantially ready for audit in a timely manner. Audit fieldwork began in November 2020 and a final trial balance was not presented to the auditors until January 2021.

Cause:
The books and records of the organization were not accurately closed out and reviewed prior to audit.

Effect:
As a result, numerous adjusting entries were required to be proposed by the auditor and the audit completion was substantially delayed.

Recommendation:
We recommend that the Organization reconcile and close their books on a regular basis (i.e. monthly or quarterly).

Due to the pandemic, fiscal staff are regularly working from home but the remote working has not been set up properly so the staff sometimes don't have access to the accounting software and other accounting files, which greatly slowed our completion of certain accounting tasks.
We will work with our IT personnel to improve the remote working environment and make sure the year-end closing is completed timely and accurately in the future.
The controller, Size Qiu, will be responsible for the correction. It is expected to be completed by 6/30/2021.

Significant Deficiencies

2020-002 – Patient Files (SD)

Criteria:
The New York State Office of Mental Health ("OMH") and the Office of Medicaid Inspector General ("OMIG") set guidelines for providers for services provided under Medicaid. Included in the guidelines are documentation requirements on evaluations review, approval and authorization of treatment plans, progress notes, billings codes, etc. Documentation must be maintained for all Medical services provided during the year.

Condition:
During our review of patient files, we noted 2 instances of late treatment plans.

Cause:
CCMS failed to maintain adequate review and controls over medical records for services provided during the year.

Effect:
Failure to maintain proper supporting documentations for services provided may result in loss of funding and not in compliance with New York State OMH and the Office of Medicaid Inspector General guidelines.

This is a repeat finding reported in the prior year as 2019-002

Recommendation:
We recommend that management implement a review process to ensure compliance with New York State OMH and OMIG guidelines for claims and service documentation. In addition, we encourage the Organization to review our findings in detail and decide whether a self-disclosure to OMIG is required.

CCM has an established monitoring system for treatment plan reviews compliance but the system became deterred in 2020 because of the COVID-19 pandemic. Moving forward, CCM will resume the monitoring system and ensure patient files comply with OMH and OMIG regulations.
To monitor compliance, CCM's Quality Assurance Manager will review a sample of at least five randomly selected active charts monthly, using the OMIG protocol in order to ascertain level of compliance with this standard. The Clinic Director will be notified when non-compliance occurs. Clinical supervision will be utilized in instances where individuals fail to follow the protocol.
The quality assurance manager, Peiying Ou, will be responsible for the correction. It is expected to be completed by 6/30/2021.

2020-003 – Adjustments to Net Assets

Criteria:
Journal entries should not be made directly to retained earnings or net assets.

Condition:
During our review of the Organization's equity/net asset balances we noted entries made to retained earnings or net assets or entries made in the prior period after the audit prior year audit was finalized.

Cause:
Proper review of the general ledger was not performed timely during the year or when closing the books and records of the Organization.

Effect:
Additional audit adjustments were required to be proposed by during the audit in order to properly state net retained earnings or net assets.

Recommendation:
We recommend that management implement a policy or process to ensure that the accounting period is properly closed so adjustments cannot be made to prior periods once the audit is completed and issued.

FY2019 was the first year for us to consolidate all LPs, so previously we hadn't prevented entries for LPs before June 30th until the audit preparation for the calendar year ending December 31st is completed.
Starting from FY2021, we prevent any entries to retained earnings or to prior closed fiscal years for CCM and LPs.
The controller, Size Qiu, will be responsible for the correction. It is expected to be completed by 6/30/2021.

2020-004 – Medical Billing Rates

Criteria:
Billing rates in Accumed should be updated as needed, typically once or twice a year based on rates obtained form various health insurance companies.

Condition:
When testing service billings, the auditor noted that the rates billed did not equal the amounts paid to the Organization.

Cause:
The Organization did not update their billing rates timely.

Effect:
The Organization is required to make manual adjustments to the revenue to match the amount paid after the bill has already been sent to the health insurer. This creates a greater opportunity for error in recording patient service revenues.

Recommendation:
We recommend that billing rates be updated when they are changed and management should implement a review process to ensure billing rates in AccuMed are accurate.

This in caused by billing department not being aware of the rate changes.
The billing department will check the rates on Office of Mental Health and report the results to our quality assurance manager monthly.
The quality assurance manager, Peiying Ou, will be responsible for the correction. It is expected to be completed by 6/30/2021.

Sincerely,

Emory X. Brooks

Emory Brooks

Chief Executive Officer

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
GENERAL PREVENTIVE PROGRAM
CONTRACT NUMBER: CT106820160001880
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

	FINAL APPROVED BUDGET	ACTUAL AMOUNTS	VARIANCE	QUESTIONED COSTS
REVENUES:				
ACS	$ 1,552,218	$ 1,552,202	$ 16	$ -
TOTAL REVENUES	1,552,218	1,552,202	16	-
EXPENDITURES				
PS EXPENDITURES				
Salary	920,807	926,783	(5,976)	-
Fringe Benefits	251,841	253,520	(1,533)	-
TOTAL PS EXPENDITURES	1,172,648	1,180,303	(7,509)	-
OTPS EXPENDITURES				
Operations, Support and Equipment	103,770	103,426	344	-
Rent and Occupancy	111,620	111,619	1	-
Contracted Services	35,500	35,500	-	-
	250,890	250,545	345	-
TOTAL PS AND OTPS EXPENDITURES	1,423,538	1,430,848	(7,164)	-
Administrative Overhead	141,111	227,357	(86,246)	-
TOTAL EXPENDITURES	1,564,649	1,658,205	(93,410)	-
(Less) Questioned Costs	-	-	-	-
TOTAL ALLOWABLE COSTS	1,564,649	1,658,205	(93,410)	-
(Deficiency)/Excess of Revenue Over Expense	$ (12,431)	$ (106,003)	$ 93,426	$ -

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
GENERAL PREVENTIVE PROGRAM
SCHEDULE OF SALARIES
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

Employee Identification Code	Title	Final Approved Budgeted Salary	Actual Salary Paid	Variance
102127	Program Director	$ 77,576	$ 77,576	$ -
102367	Program Supervisor	67,855	67,855	-
102377	Program Supervisor	74,260	74,260	-
102265	Therapist (MSW)	62,332	62,331	1
102312	Therapist (MSW)	55,410	55,410	-
101826	Therapist (MSW)	48,499	48,498	1
102342	Therapist (MSW)	61,415	61,414	1
102309	Interventionist (BA)	44,290	44,290	-
100821	Interventionist (BA)	51,688	51,688	-
102044	Interventionist (BA)	38,988	38,988	-
101264	Interventionist (BA)	51,795	51,795	-
102284	Case Aide	42,718	42,718	-
102308	Case Aide	32,751	32,751	-
100917	Conference Facilitator	39,956	45,935	(5,979)
102179	Secretary	22,725	22,725	-
000066	President and CEO	37,171	37,171	-
101113	Development Director	14,000	14,000	-
102323	Controller	15,987	15,987	-
101937	Fiscal Officer	10,400	10,400	-
102293	Fiscal Officer	10,000	10,000	-
102050	Fiscal Officer	10,991	10,991	-
102233	Quality Assurance	20,000	20,000	-
102120	Quality Assurance Director	30,000	30,000	-
	TOTAL	$ 920,807	$ 926,783	$ (5,976)

See independent auditors' report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
GENERAL PREVENTIVE PROGRAM
SCHEDULE OF FRINGE BENEFITS
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

Description	**Final Approved Budgeted**	**Actual**	**Actual Fringe % of Total Salary Cost**	**Variance**
FICA	$ 70,442	$ 70,899	7.65%	$ (457)
Health	110,865	111,585	12.04%	(720)
Worker's Compensation	21,086	21,223	2.29%	(137)
Unemployment	8,011	8,063	0.87%	(52)
Disability	1,289	1,297	0.14%	(8)
Local Tax	3,131	3,151	0.34%	(20)
Other	37,016	37,302	4.02%	(286)
TOTAL	$ 251,841	$ 253,520	27.35%	$ (1,679)

See independent auditors' report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
GENERAL PREVENTIVE PROGRAM
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE OF FIXED ASSETS INVENTORY

Description	Serial Number	Date Purchased with ACS Funds	Cost	Percentage Allocated to ACS Contract

There was no inventory as of June 30, 2020.

SCHEDULE OF QUESTIONED COSTS

Detailed Explanation of Questioned Costs:

There were no questioned costs for the year ended June 30, 2020.

SCHEDULE OF QUANTITATIVE RESULTS

Quantifiable Indicators

Number of open cases at beginning of period	67
Number of new cases during audit period	-
Number of cases serviced during the audit period	67
Cases terminated	67
Cases open at June 30, 2020	-

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
FAMILY TREATMENT REHABILITATION
SCHEDULE OF REVENUES AND EXPENDITURES
PROGRAM BUDGET IDENTIFICATION NUMBER: 12-FTR-CCM
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

	FINAL APPROVED BUDGET	ACTUAL AMOUNTS	VARIANCE	QUESTIONED COSTS
REVENUES:				
ACS	$ 1,785,507	$ 1,738,271	$ 47,236	$ -
TOTAL REVENUES	1,785,507	1,738,271	47,236	-
EXPENDITURES				
PS EXPENDITURES				
Salary	930,725	967,484	(36,759)	-
Fringe Benefits	244,556	254,215	(9,659)	-
TOTAL PS EXPENDITURES	1,175,281	1,221,699	(46,418)	-
OTPS EXPENDITURES				
Operations, Support and Equipment	187,958	144,703	43,255	-
Rent and Occupancy	248,267	248,266	1	-
Contracted Services	14,250	14,250	-	-
	450,475	407,219	43,256	-
TOTAL PS AND OTPS EXPENDITURES	1,625,756	1,628,918	(3,162)	-
Administrative Overhead	162,320	288,895	(126,575)	-
TOTAL EXPENDITURES	1,788,076	1,917,813	(129,737)	-
(Less) Questioned Costs	-	-	-	-
TOTAL ALLOWABLE COSTS	1,788,076	1,917,813	(129,737)	-
(Deficiency)/Excess of Revenue Over Expense	$ (2,569)	$ (179,542)	$ 176,973	$ -

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
FAMILY TREATMENT REHABILITATION
SCHEDULE OF SALARIES
PROGRAM BUDGET IDENTIFICATION NUMBER: 12-FTR-CCM
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

Employee Identification Code	Title	Final Approved Budgeted Salary	Actual Salary Paid	Variance
102127	Program Director	$ 19,391	$ 19,390	$ 1
102286	Program Supervisor	45,964	45,964	-
100532	Program Supervisor	73,289	73,289	-
101500	MSW Case Planner	59,000	59,000	-
102365	MSW Case Planner	58,165	58,165	-
102374	MSW Case Planner	55,799	55,799	-
102330	MSW Case Planner	62,680	62,680	-
100811	MSW Case Planner	51,500	51,500	-
102275	MSW Case Planner	30,686	30,685	1
102240	MS Case Planner	61,999	61,999	-
102262	MS Case Planner	58,801	58,801	-
102266	MS Case Planner	38,080	38,080	-
102366	MS Case Planner	51,500	51,500	-
102045	Conference Facilitator	66,132	66,559	(427)
102251	Program Aide	39,479	39,479	-
	Administrative Assistant	46,045	46,045	-
	President	37,171	37,171	-
102323	Development Director	-	14,000	(14,000)
101937	Controller	15,987	15,987	-
	Fiscal Officer	-	10,991	(10,991)
102293	Fiscal Officer	-	10,400	(10,400)
102100	Fiscal Officer	9,057	10,000	(943)
102233	Quality Assurance	20,000	20,000	-
102120	Quality Assurance Director	30,000	30,000	-
		$ 930,725	$ 967,484	$ (36,759)

See independent auditors' report.

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
FAMILY TREATMENT REHABILITATION
SCHEDULE OF FRINGE BENEFITS
PROGRAM BUDGET IDENTIFICATION NUMBER: 12-FTR-CCM
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

Description	Final Approved Budgeted	Actual	Actual Fringe % of Total Salary Cost	Variance
FICA	$ 71,200	$ 74,013	7.65%	$ (2,813)
Health	112,059	116,485	12.04%	(4,426)
Worker's Compensation	21,314	22,155	2.29%	(841)
Unemployment	8,097	8,417	0.87%	(320)
Disability	1,303	1,354	0.14%	(51)
Local Tax	3,164	3,289	0.34%	(125)
Other	27,419	28,502	2.95%	(1,083)
TOTAL	$ 244,556	$ 254,215	26.28%	$ (9,659)

COMMUNITY COUNSELING AND MEDIATION SERVICES, INC. AND AFFILIATES
D/B/A COMMUNITY COUNSELING AND MEDIATION
FAMILY TREATMENT REHABILITATION
PROGRAM BUDGET IDENTIFICATION NUMBER: 12-FTR-CCM
CONTRACT NUMBER: CT106820160001880
FOR THE YEAR ENDED JUNE 30, 2020

SCHEDULE OF FIXED ASSETS INVENTORY

Description	Serial Number	Date Purchased with ACS Funds	Cost	Percentage Allocated to ACS Contract

There was no inventory as of June 30, 2020.

SCHEDULE OF QUESTIONED COSTS

Detailed Explanation of Questioned Costs:

There were no questioned costs for the year ended June 30, 2020.

SCHEDULE OF QUANTITATIVE RESULTS

Quantifiable Indicators

Number of open cases at beginning of period	85
Number of new cases during audit period	-
Number of cases serviced during the audit period	85
Cases terminated	70
Cases open at June 30, 2020	15

See independent auditors' report.