

**CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.**

**FINANCIAL STATEMENTS AND SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**JUNE 30, 2019 AND 2018**

CENTER FOR ALTERNATIVE SENTENCING  
AND EMPLOYMENT SERVICES, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Trustees  
Center for Alternative Sentencing and  
Employment Services, Inc.  
Brooklyn, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of Center for Alternative Sentencing and Employment Services, Inc. ("CASES"), which comprise the statements of financial position at June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Alternative Sentencing and Employment Services, Inc. at June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019, on our consideration of CASES' 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 CASES' 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 CASES' internal control over financial reporting and compliance.

## **Emphasis of Matter**

As discussed in Note 2 to the financial statements, Center for Alternative Sentencing and Employment Services, Inc. adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14. Our opinion is not modified with respect to this matter.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
December 31, 2019

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 190,364	\$ 288,879
Grants and contracts receivable, net	5,802,461	5,389,205
Contributions receivable - due within one year	232,347	143,547
Medicaid/Managed Medicaid receivables, net	822,821	549,237
Other receivables	15,620	8,856
Prepaid expenses	273,803	137,579
TOTAL CURRENT ASSETS	7,337,416	6,517,303
Fixed assets, net	2,091,370	2,177,729
Security deposits	311,036	311,036
TOTAL ASSETS	\$ 9,739,822	\$ 9,006,068
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 706,476	\$ 336,422
Accrued expenses and other liabilities	2,149,294	1,967,631
Grants and contract advances	1,413,812	1,538,763
Loans payable	2,496,706	2,234,394
TOTAL CURRENT LIABILITIES	6,766,288	6,077,210
Deferred rent	1,398,008	1,227,375
TOTAL LIABILITIES	8,164,296	7,304,585
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions:		
Operating	84,338	408,422
Board-designated program funds	1,200,000	1,200,000
Total without donor restrictions	1,284,338	1,608,422
With donor restrictions	291,188	93,061
TOTAL NET ASSETS	1,575,526	1,701,483
TOTAL LIABILITIES AND NET ASSETS	\$ 9,739,822	\$ 9,006,068

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

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Government grants and contracts	\$ 18,716,437	\$ -	\$ 18,716,437	\$ 19,227,382	\$ -	\$ 19,227,382
Medicaid/Managed Medicaid income	5,534,846	-	5,534,846	4,240,734	-	4,240,734
Contributions	207,994	849,000	1,056,994	205,611	489,000	694,611
Donated facilities	100,055	-	100,055	120,817	-	120,817
Miscellaneous income	200,154	-	200,154	118,563	-	118,563
Net assets released from restrictions	650,873	(650,873)	-	523,525	(523,525)	-
<b>Total revenue and support</b>	<b>25,410,359</b>	<b>198,127</b>	<b>25,608,486</b>	<b>24,436,632</b>	<b>(34,525)</b>	<b>24,402,107</b>
<b>EXPENSES:</b>						
Program services	21,700,468	-	21,700,468	21,433,735	-	21,433,735
Management and general	3,752,555	-	3,752,555	3,496,496	-	3,496,496
Fundraising	281,420	-	281,420	207,038	-	207,038
<b>Total expenses</b>	<b>25,734,443</b>	<b>-</b>	<b>25,734,443</b>	<b>25,137,269</b>	<b>-</b>	<b>25,137,269</b>
<b>CHANGES IN NET ASSETS</b>	<b>(324,084)</b>	<b>198,127</b>	<b>(125,957)</b>	<b>(700,637)</b>	<b>(34,525)</b>	<b>(735,162)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,608,422</b>	<b>93,061</b>	<b>1,701,483</b>	<b>2,309,059</b>	<b>127,586</b>	<b>2,436,645</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,284,338</b>	<b>\$ 291,188</b>	<b>\$ 1,575,526</b>	<b>\$ 1,608,422</b>	<b>\$ 93,061</b>	<b>\$ 1,701,483</b>

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

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services		
	Education, Career & Enrichment Programs	Court Programs	Adult Behavioral Health	Nathaniel Clinic	Total	Management and General	Fundraising	Total
Salaries and related expenses:								
Personnel services	\$ 2,692,108	\$ 3,862,944	\$ 4,102,393	\$ 1,123,234	\$ 11,780,679	\$ 1,908,702	\$ 177,124	\$ 13,866,505
Fringe benefits	792,096	1,072,901	1,158,591	272,787	3,296,375	531,007	53,494	3,880,876
Total salaries and related expenses	<u>3,484,204</u>	<u>4,935,845</u>	<u>5,260,984</u>	<u>1,396,021</u>	<u>15,077,054</u>	<u>2,439,709</u>	<u>230,618</u>	<u>17,747,381</u>
Other than personnel services:								
Participant subsistence and stipends	130,598	79,004	163,936	6,259	379,797	-	-	379,797
Occupancy and renovation expenses	986,306	386,122	660,644	251,895	2,284,967	299,293	41,925	2,626,185
Consultants	17,061	761,538	36,149	34,962	849,710	57,645	149	907,504
Participant travel	120,078	67,258	56,364	36,901	280,601	-	-	280,601
Office supplies	62,132	72,151	98,851	74,523	307,657	25,707	1,378	334,742
Equipment purchases and rental	42,813	27,680	58,736	15,662	144,891	43,386	1,609	189,886
Office expenses	17,153	14,038	1,109,736	8,761	1,149,688	293,040	657	1,443,385
Telephone	76,582	106,750	105,986	12,123	301,441	10,551	1,365	313,357
Insurance	-	-	-	-	-	178,651	-	178,651
Participant other	76,615	2,985	1,459	-	81,059	-	-	81,059
Professional fees	-	-	560	210	770	153,820	-	154,590
Staff training and conferences	40,315	26,073	90,573	6,124	163,085	46,466	451	210,002
Interest and bank charges	-	-	-	-	-	74,072	-	74,072
Participant supplies	5,889	2,118	18,343	1,111	27,461	-	-	27,461
Recruiting	396	65	8	999	1,468	50,517	-	51,985
Vehicle, fuel and maintenance	12,025	24,580	51,061	1,240	88,906	1,455	128	90,489
Commuter benefit tax	-	-	-	-	-	27,014	-	27,014
Total other than personnel services	<u>1,587,963</u>	<u>1,570,362</u>	<u>2,452,406</u>	<u>450,770</u>	<u>6,061,501</u>	<u>1,261,617</u>	<u>47,662</u>	<u>7,370,780</u>
Donated facilities	20,011	26,014	31,017	7,004	84,046	15,008	1,001	100,055
Depreciation and amortization	<u>57,609</u>	<u>83,915</u>	<u>270,954</u>	<u>65,389</u>	<u>477,867</u>	<u>36,221</u>	<u>2,139</u>	<u>516,227</u>
Total expenses	<u>\$ 5,149,787</u>	<u>\$ 6,616,136</u>	<u>\$ 8,015,361</u>	<u>\$ 1,919,184</u>	<u>\$ 21,700,468</u>	<u>\$ 3,752,555</u>	<u>\$ 281,420</u>	<u>\$ 25,734,443</u>

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

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services					Supporting Services		
	Education, Career & Enrichment Programs	Court Programs	Adult Behavioral Health	Nathaniel Clinic	Total	Management and General	Fundraising	Total
Salaries and related expenses:								
Personnel services	\$ 2,190,534	\$ 4,212,550	\$ 4,259,284	\$ 1,197,511	\$ 11,859,879	\$ 1,883,387	\$ 123,221	\$ 13,866,487
Fringe benefits	541,351	1,301,736	1,007,865	330,722	3,181,674	543,413	36,323	3,761,410
Total salaries and related expenses	<u>2,731,885</u>	<u>5,514,286</u>	<u>5,267,149</u>	<u>1,528,233</u>	<u>15,041,553</u>	<u>2,426,800</u>	<u>159,544</u>	<u>17,627,897</u>
Other than personnel services:								
Participant subsistence and stipends	265,454	78,635	128,465	7,298	479,852	-	-	479,852
Occupancy and renovation expenses	466,316	828,114	700,931	286,267	2,281,628	261,339	33,368	2,576,335
Consultants	33,183	782,359	31,775	137,359	984,676	53,329	582	1,038,587
Participant travel	77,983	164,638	48,317	40,029	330,967	-	-	330,967
Office supplies	57,409	96,330	95,492	71,354	320,585	29,013	2,742	352,340
Equipment purchases and rental	46,909	103,270	53,040	18,580	221,799	20,897	3,027	245,723
Office expenses	19,309	8,678	520,636	9,560	558,183	153,381	216	711,780
Telephone	57,040	121,633	94,130	9,351	282,154	11,822	688	294,664
Insurance	-	-	-	-	-	178,355	-	178,355
Participant other	36,022	31,607	2,358	-	69,987	-	-	69,987
Professional fees	-	-	19,825	4,240	24,065	101,298	-	125,363
Staff training and conferences	26,565	23,536	29,580	1,540	81,221	24,378	17	105,616
Interest and bank charges	-	-	-	-	-	125,947	-	125,947
Participant supplies	12,420	43,147	14,351	1,572	71,490	-	-	71,490
Recruiting	238	870	87	585	1,780	30,955	-	32,735
Vehicle, fuel and maintenance	2,851	15,387	42,000	926	61,164	1,512	96	62,772
Commuter benefit tax	-	-	-	-	-	27,712	-	27,712
Total other than personnel services	<u>1,101,699</u>	<u>2,298,204</u>	<u>1,780,987</u>	<u>588,661</u>	<u>5,769,551</u>	<u>1,019,938</u>	<u>40,736</u>	<u>6,830,225</u>
Donated facilities	18,727	37,453	35,037	10,874	102,091	16,310	2,416	120,817
Depreciation and amortization	123,400	103,605	243,537	49,998	520,540	33,448	4,342	558,330
Total expenses	<u>\$ 3,975,711</u>	<u>\$ 7,953,548</u>	<u>\$ 7,326,710</u>	<u>\$ 2,177,766</u>	<u>\$ 21,433,735</u>	<u>\$ 3,496,496</u>	<u>\$ 207,038</u>	<u>\$ 25,137,269</u>

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



CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (125,957)	\$ (735,162)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	516,227	558,330
Deferred rent	170,633	291,188
Changes in assets (increase) decrease:		
Grants and contracts receivable	(413,256)	(639,482)
Contributions receivable	(88,800)	9,278
Medicaid/Managed Medicaid receivables	(273,584)	152,139
Other receivables	(6,764)	10,231
Prepaid expenses	(136,224)	9,639
Security deposits	-	(42,352)
Changes in liabilities increase (decrease):		
Accounts payable	370,054	(158,826)
Accrued expenses and other liabilities	181,663	620,289
Grants and contract advances	(124,951)	1,468,071
	<u>69,041</u>	<u>1,543,343</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of fixed assets	(429,868)	(174,032)
	<u>(429,868)</u>	<u>(174,032)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings on loans payable	4,295,712	1,573,000
Repayment of loans payable	(4,033,400)	(2,931,846)
	<u>262,312</u>	<u>(1,358,846)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(98,515)	10,465
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>288,879</u>	<u>278,414</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 190,364</u>	<u>\$ 288,879</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ 68,722</u>	<u>\$ 112,135</u>

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

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 1 - Nature of Operations

Center for Alternative Sentencing and Employment Services, Inc. ("CASES"), is a not-for-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is therefore exempt from federal income taxes under Section 501(a) of the Code.

CASES' mission is to increase public safety through innovative services that reduce crime and incarceration, improve behavioral health, promote recovery and rehabilitation, and create opportunities for success in the community. CASES operates one of New York City's oldest alternative to incarceration programs, the Court Employment Project ("CEP"). It also provides services to juveniles pending Family Court adjudication and young adults who have current or past involvement in the criminal justice system including parole or probation supervision. CASES also runs programs for individuals with behavioral health issues, including three NYS-licensed Assertive Community Treatment ("ACT") teams, three NYS-licensed Forensic Assertive Community Treatment ("FACT") teams, a NYS-licensed Article 31 mental health clinic, and a Court-based Intervention Resource team. In addition, it has programs for adult misdemeanants and a pretrial supervision program in Manhattan. With its long history and extensive experience and expertise running alternative-to-incarceration, criminal justice and behavioral health programs, CASES provides operational support, including training and technical assistance to other groups working with clients involved in those systems. CASES receives most of its support from New York City, New York State and Federal government sources, through government grants and Medicaid. Grants receivable are due principally from these sources.

Note 2 - Summary of Significant Accounting Policies

Adoption of FASB ASU No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities

Effective July 1, 2018, CASES adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14 on a retrospective basis. This ASU provides for changes in financial statement presentation that affect classification of net assets and presentation of expenses. It also provides for enhanced disclosures of board designated funds, methods used to allocate costs among functions and available resources and liquidity.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect that reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting CASES' own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2019 and 2018, the fair value of CASES' financial instruments, including cash and cash equivalents, grants and contracts receivable, contributions receivable, Medicaid/Managed Medicaid receivables, other receivables, accounts payable, accrued expenses and other liabilities, and grants and contract advances, approximated book value due to the short maturity of these instruments.

At June 30, 2019 and 2018, CASES does not have assets or liabilities required to be measured at fair value in accordance with FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Fixed Assets

Fixed assets are recorded at cost. Items with a cost of \$5,000 or more and an estimated useful life of more than one year are capitalized. Depreciation of fixed assets is provided over the estimated useful lives of the assets utilizing the straight-line method. Leasehold improvements are amortized over the lesser of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

Internal Use Computer Software Database

CASES capitalizes certain costs associated with the development of internal use computer software. Costs that are capitalized consist of external direct costs of materials and services consumed in developing or obtaining the internal use software of the project. Amortization commences when development is complete and the assets are placed in service.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Deferred Rent

CASES has leases with unrelated third parties with certain escalation clauses that require normalization of the rent expense over the life of the leases. Resulting deferred rent is reflected in the accompanying statements of financial position.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. Board designated program funds are net assets without restrictions in which the Board of Trustees has designated certain funds for limited purposes. These funds are not available for current operations without the prior approval of the Board of Trustees.

Net Assets With Donor Restrictions

Net assets with donor restrictions include net assets subject to donor-imposed stipulations that may or will be met, either by actions of CASES and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program Revenues and Receivables

Cost recovery grants - the terms under which these grants are awarded provide for reimbursements of budgeted expenditures within the grant period. These funds are received in either predetermined installments or increments based upon expenses incurred. Accordingly, grant income is recognized in amounts equal to expenditures incurred.

Any excess or deficiency of cash receipts over expenditures incurred is reported as "Grants and contract advances" or "Grants and contracts receivable." Upon termination of operations under each grant, the unexpended funds received under the terms of the grant revert to the grantor.

Performance-based grants - the terms under which these grants are awarded provide for payment based on unit costs for agreed upon milestones achieved within the award period up to the maximum amount allowable under a given milestone, if any, and/or the total grant amount. Accordingly, income is recognized in amounts equal to the amount earned based on performance. Any excess of cash receipts over expenditures incurred remains with the grantee.

Medicaid/Managed Medicaid income - Medicaid/Managed Medicaid income is reported at the estimated net realizable amounts based on the number of visits or services rendered in accordance with program provisions and state regulations.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Program Revenues and Receivables (cont'd.)

Donated services - No amounts are reflected in the financial statements for donated services as CASES pays for services which require specific expertise. Board members volunteer their time and perform a variety of tasks that include contribution solicitations and serving on various Board committees. No expense is reflected in these financial statements since the services performed do not meet the criteria for revenue recognition under FASB ASC Topic 605.

Donated facilities - Donated space is reflected as contributions and reported as expenses in the accompanying statements of activities at estimated fair values.

Contributions Receivable

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions and government contract revenues received and expended in the same fiscal year are reflected as unrestricted revenues.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts has been included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for Doubtful Accounts

CASES determines whether an allowance for doubtful accounts should be provided for grants and contracts, Medicaid/Managed Medicaid, contributions and other receivables. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. The bad debt expense is either increased or decreased based upon management's year-end assessment of the sufficiency of the allowance to absorb future uncollectable receivables. CASES has established an allowance for doubtful accounts of \$62,500 for the Medicaid/Managed Medicaid receivable, \$0 for its grants and contracts, contributions and other receivables for the years ended June 30, 2019 and 2018.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Accounting for Uncertainty in Income Taxes

CASES applies the provisions pertaining to uncertain tax provisions (FASB ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. CASES is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. CASES believes it is no longer subject to income tax examinations prior to 2016.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of CASES. Those expenses include shared physical locations, program administration, corporate compliance and quality assurance department, clinic and maintenance department. Shared physical locations are allocated based on a square footage basis. Program administration is allocated based on the ratio value of expenses of individual program sites to the overall departmental expenses. The corporate compliance and quality assurance department is allocated based on time studies. The clinic is allocated based on numbers of served individuals assigned to each clinician out of the total served. The maintenance department is allocated based on a square footage basis.

New Accounting Pronouncements

ASU No. 2018-08

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which will assist organizations in evaluating the transfer of assets and the nature of the related transaction. Organizations will be required to determine whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and if a contribution is conditional. The guidance in this ASU requires that organizations determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both indicates that the recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome any barriers in the agreement.

For nonpublic entities who are recipients, the amendments of ASU No. 2018-08 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

For nonpublic entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early application is permitted for all entities.

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is the result of a joint project of the FASB and the IASB to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS. The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards.

The ASU provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should apply the following five-step process to recognize revenue:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

For nonpublic entities, the amendments of ASU No. 2014-09 are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncements (cont'd.)

CASES has not yet determined if these ASUs will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

Substantially all of CASES' cash balances are maintained in one financial institution which balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000. From time to time, CASES' balances may exceed this limit.

Note 4 - Fixed Assets

Fixed assets, net, consist of the following:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 2,303,752	\$ 2,219,965	3 to 7 years
Vehicles	175,725	120,337	5 years
Leasehold improvements	2,003,114	1,563,932	5 years
Software database	305,885	305,885	3 years
Work in progress	-	148,489	
	4,788,476	4,358,608	
Less: Accumulated depreciation and amortization	2,697,106	2,180,879	
	\$ 2,091,370	\$ 2,177,729	

Note 5 - Loans Payable

CASES maintains a \$1,500,000 line of credit agreement, which is secured by grants and contracts receivable, and bears interest at 0.5% above the bank's prime rate (totaling 6.0% and 5.50% at June 30, 2019 and 2018, respectively) per annum. This agreement was renewed during the year and matures on February 3, 2020. The amount drawn down on the line of credit at June 30, 2019 and 2018 is \$1,300,000 and \$1,872,977, respectively.

CASES has borrowings from the New York City Returnable Grant Fund ("RGF"), which helps not-for-profit organizations cover operating expenses while waiting for NYC contracts to be registered. These loans are interest-free and are due within 45-90 days. The amount due at June 30, 2019 and 2018 is \$1,196,706 and \$361,417, respectively.



CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 6 - Net Assets With Donor Restrictions

The following is a summary of the net assets that were added and released from donor restrictions during the years ended June 30, 2019 and 2018:

	2019			
	Beginning Balance	Additions	Releases	Ending Balance
Education, Career & Enrichment Programs	\$ 35,001	\$ 428,000	\$ (377,863)	\$ 85,138
Adult Behavioral Health Programs	-	66,000	(61,834)	4,166
Nathaniel Clinic Programs	58,060	355,000	(211,176)	201,884
	\$ 93,061	\$ 849,000	\$ (650,873)	\$ 291,188
	2018			
	Beginning Balance	Additions	Releases	Ending Balance
Education, Career & Enrichment Programs	\$ 95,847	\$ 348,000	\$ (408,846)	\$ 35,001
Adult Behavioral Health Programs	31,739	31,000	(62,739)	-
Nathaniel Clinic Programs	-	110,000	(51,940)	58,060
	\$ 127,586	\$ 489,000	\$ (523,525)	\$ 93,061

Net assets released from donor restrictions for the years ended June 30, 2019 and 2018 were released by incurring expenses satisfying the program restrictions and the expiration of any time restriction specified by the donors.

Note 7 - Pension Plans

CASES maintains a defined contribution group pension plan and a 403(b) plan. Contributions to the plans are based on the employees' voluntary contributions to the 403(b) plan. Contributions to the plans amounted to \$390,705 and \$391,435 for the years ended June 30, 2019 and 2018, respectively.

Note 8 - Donated Space

CASES receives a contribution of various court space from the City of New York. The estimated fair market value of donated space included as revenue and expense was \$100,055 and \$120,817 for the years ended June 30, 2019 and 2018, respectively.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 9 - Contingencies

In most instances, grants are subject to audit by state, city and federal auditors and costs charged by grantors may be adjusted. CASES does not believe that any amounts are due back; therefore, no amounts have been estimated and recorded in these financial statements.

CASES is involved in various legal proceedings and litigation arising in the ordinary course of business. CASES is vigorously defending these matters. Potential damages, if successful, are undeterminable at June 30, 2019.

Note 10 - Lease Commitments

CASES has various operating lease agreements for office and program facilities, including storage facilities expiring through 2029. Some of the leases are subject to real estate tax and operating expense escalations. Related rent expense for the years ended June 30, 2019 and 2018 was \$2,253,587 and \$2,195,619, respectively.

In addition, at June 30, 2019, CASES is obligated under various operating leases for office and program equipment expiring through 2019. Related lease expense for the years ended June 30, 2019 and 2018 was \$94,843 and \$73,412, respectively.

Minimum annual future rental payments under the leases in each of the five years subsequent to June 30, 2019 and thereafter are as follows:

<u>Years Ending June 30:</u>	
2020	\$ 2,072,514
2021	2,100,436
2022	2,141,564
2023	2,183,970
2024	2,151,840
Thereafter	<u>6,900,978</u>
	<u><u>\$ 17,551,302</u></u>

Note 11 - Available Resources and Liquidity

CASES manages its liquidity and financial resources with a level of prudence that emphasizes financial soundness and stability in order to maintain adequate liquid assets to fund near-term operating needs. CASES has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit. See Note 5 for information about CASES' line of credit.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

Note 11 - Available Resources and Liquidity (cont'd.)

The following reflects CASES' financial assets as of the June 30, 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions and internal designations.

Cash and cash equivalents	\$	190,364
Grants and contracts receivable, net		5,802,461
Contributions receivable - due within one year		232,347
Medicaid/Managed Medicaid receivable, net		822,821
Other receivables		15,620
Total financial assets		7,063,613
Less: Donor-imposed restrictions and internal designations		
Board-designated program funds		(1,200,000)
Purpose restricted		(291,188)
		(1,491,188)
Financial assets available to meet cash needs for general expenditures within one year	\$	5,572,425

Note 12 - Subsequent Events

CASES has evaluated all events or transactions that occurred after June 30, 2019 through December 31, 2019 which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To The Board of Trustees  
Center for Alternative Sentencing and  
Employment Services, Inc.  
Brooklyn, New York

We have audited the financial statements of Center for Alternative Sentencing and Employment Services, Inc. ("CASES") as of and for the year ended June 30, 2019, and our report thereon dated December 31, 2019 which contained an unmodified opinion on those financial statements appears on pages one and two. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
December 31, 2019

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA/Contract Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Justice</u></b>			
Byrne Criminal Justice Innovation Program	16.817	2016-R-BX-K056	\$ 101,557
Criminal and Juvenile Justice and Mental Health Collaboration	16.745	2018-MO-BX-0013	<u>26,895</u>
<b>Total U.S. Department of Justice</b>			<u>128,452</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Projects for Assistance In Transition from Homelessness (PATH)	93.150	SM-16-F2/816-1618-320	93,679
Substance Abuse and Mental Health Services Administration Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM062410-01 1H79SM081483	\$ 359,900 <u>17,934</u> <u>377,834</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>471,513</u>
<b><u>Corporation for National and Community Service</u></b>			
Social Innovation Fund	94.019	15SIHNY001 15SIHMD001	\$ 58,831 <u>203,592</u> <u>262,423</u>
<b>Total Corporation for National and Community Service</b>			<u>262,423</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 862,388</u>

See independent auditors' report on schedule of expenditures of federal awards.

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Center for Alternative Sentencing and Employment Services, Inc. ("CASES") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations* (CFR) 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 CASES, it is not intended to and does not present the financial position, changes in net assets or cash flows of CASES.

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. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipient

There were no payments made to subrecipients for federal awards received during the year ended June 30, 2019.

Note 4 - Indirect Cost Rate

CASES did not elect to use the 10% de minimis indirect cost rate.



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

To The Board of Trustees  
Center for Alternative Sentencing and  
Employment Services, Inc.  
Brooklyn, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Alternative Sentencing and Employment Services, Inc. ("CASES"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2019.

**Internal Control over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CASES' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CASES' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
December 31, 2019



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

To The Board of Trustees  
Center for Alternative Sentencing and  
Employment Services, Inc.  
Brooklyn, New York

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

We have audited Center for Alternative Sentencing and Employment Services, Inc.'s ("CASES") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CASES' major federal programs for the year ended June 30, 2019. CASES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, CASES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

## Report on Internal Control over Compliance

Management of CASES' 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 CASES' 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 the 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 CASES' 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

CASES is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. CASES' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

New York, New York  
December 31, 2019

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

- i. An unmodified opinion was issued on the financial statements of the Center for Alternative Sentencing and Employment Services, Inc.
- ii. Internal control over financial reporting:
  - Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified?  Yes  None Reported
- iii. Noncompliance material to financial statements noted?  Yes  No

Federal Awards

- iv. Internal control over major programs:
  - Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified?  Yes  None Reported
- v. An unmodified opinion was issued on compliance for major programs.
- vi. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?  Yes  No
- vii. Major Programs:
  - Substance Abuse and Mental Health Services Projects of Regional and National Significance (CFDA #93.243)
- viii. Federal award expenses that exceeded \$750,000 were considered type A programs.
- ix. CASES qualified as a low-risk auditee?  Yes  No

CENTER FOR ALTERNATIVE SENTENCING AND EMPLOYMENT SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings

There are no current year findings.

Section III - Federal Awards Findings and Questioned Costs

2019-001 Reporting

Federal Program Information:

CFDA #93.243 – Substance Abuse and Mental Health Services Projects of Regional and National Significance

Criteria:

In accordance with 2 CFR 200.512, “*Report Submission*”, an auditee is required to complete and submit the data collection form (“SF-SAC”) within the earlier of 30 calendar days after receipt of the auditor’s report, or nine months after the end of the audit period.

Condition/Context:

The SF-SAC was not submitted within the prescribed time period; though it was subsequently submitted.

Questioned Costs:

Not applicable.

Effect:

CASES was initially not in compliance with the annual filing requirements of the SF-SAC.

Cause:

This was an oversight by CASES and the external auditor.

Recommendation:

We recommend that a control procedure be installed that ensures that the SF-SAC is filed within the prescribed timeframe on an annual basis.

Views of Responsible Officials and Planned Corrective Actions:

The external auditors and management will create a checklist for the end of each fiscal year’s audit that will identify all necessary required submissions and dates of submission. The audit will not be considered final until all checklist items are complete.