

Center for Alternative Sentencing and Employment Services, Inc.

Financial Statements and
Supplementary Information

June 30, 2025 and 2024

Center for Alternative Sentencing and Employment Services, Inc.

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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Trustees of
Center for Alternative Sentencing and Employment Services, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Center for Alternative Sentencing and Employment Services, Inc. (CASES), which comprise the statements of financial position as of June 30, 2025 and 2024 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CASES as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CASES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CASES' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CASES' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CASES' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Baker Tilly US, LLP

New York, New York
December 18, 2025

Center for Alternative Sentencing and Employment Services, Inc.

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,079,112	\$ 506,705
Grants and contracts receivable, net	12,299,623	17,987,619
Contributions receivable	378,995	466,791
Medicaid/Managed Medicaid receivables, net	1,413,669	1,561,715
Other receivables	48,171	135,378
Prepaid expenses	575,906	501,925
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Total current assets	17,795,476	21,160,133
Operating Lease Right-of-Use Assets	25,531,262	15,797,008
Fixed Assets, Net	1,189,435	1,414,272
Security Deposits	849,343	654,054
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Total assets	<u>\$ 45,365,516</u>	<u>\$ 39,025,467</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 868,753	\$ 2,904,800
Accrued expenses and other liabilities	3,965,825	3,155,023
Grants and contract advances	11,309,947	10,813,802
Loans payable	-	2,750,000
Operating lease liabilities, current portion	2,704,998	2,637,409
	<hr/>	<hr/>
Total current liabilities	18,849,523	22,261,034
Long-Term Liabilities		
Operating lease liabilities, net of current portion	24,449,252	14,885,048
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Total liabilities	43,298,775	37,146,082
Commitments and Contingencies		
Net Assets		
Without donor restrictions	1,377,499	1,252,076
With donor restrictions	689,242	627,309
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Total net assets	2,066,741	1,879,385
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Total liabilities and net assets	<u>\$ 45,365,516</u>	<u>\$ 39,025,467</u>

See notes to financial statements

Center for Alternative Sentencing and Employment Services, Inc.

Statements of Activities

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Government grants and contracts	\$ 58,565,296	\$ -	\$ 58,565,296	\$ 48,527,578	\$ -	\$ 48,527,578
Medicaid/Managed Medicaid income	10,030,143	-	10,030,143	8,831,994	-	8,831,994
Contributions	174,399	1,211,648	1,386,047	222,128	997,392	1,219,520
Donated facilities and services	119,537	-	119,537	116,868	-	116,868
Miscellaneous income	146,984	-	146,984	254,632	-	254,632
Net assets released from restrictions	1,149,715	(1,149,715)	-	1,566,361	(1,566,361)	-
Total revenue and support	70,186,074	61,933	70,248,007	59,519,561	(568,969)	58,950,592
Expenses						
Program services	60,341,427	-	60,341,427	51,264,188	-	51,264,188
Supporting services:						
Management and general	9,474,290	-	9,474,290	8,643,560	-	8,643,560
Fundraising	244,934	-	244,934	411,381	-	411,381
Total expenses	70,060,651	-	70,060,651	60,319,129	-	60,319,129
Changes in net assets	125,423	61,933	187,356	(799,568)	(568,969)	(1,368,537)
Net Assets, Beginning	1,252,076	627,309	1,879,385	2,051,644	1,196,278	3,247,922
Net Assets, Ending	\$ 1,377,499	\$ 689,242	\$ 2,066,741	\$ 1,252,076	\$ 627,309	\$ 1,879,385

See notes to financial statements

Center for Alternative Sentencing and Employment Services, Inc.

Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services					Supporting Services			
	Education, Career and Enrichment Programs	Clinical Support and Supervision	Supervised Release/ Pretrial Programs	Behavioral Health Programs	Nathaniel Clinic	Total	Management and General	Fundraising	Total
Salaries and related expenses:									
Personnel services	\$ 3,673,564	\$ 5,106,207	\$ 14,610,855	\$ 11,731,966	\$ 2,310,459	\$ 37,433,051	\$ 4,828,188	\$ 165,270	\$ 42,426,509
Fringe benefits	1,157,199	1,571,615	4,478,393	3,604,488	637,637	11,449,332	1,552,293	50,781	13,052,406
Total salaries and related expenses	4,830,763	6,677,822	19,089,248	15,336,454	2,948,096	48,882,383	6,380,481	216,051	55,478,915
Other than personnel services:									
Occupancy and renovation	436,240	871,106	1,477,263	1,121,673	342,292	4,248,574	558,460	18,137	4,825,171
Contracted employees	33,564	51,321	210,072	1,188,949	129,452	1,613,358	500,436	186	2,113,980
Office and medical supplies	18,740	107,112	275,741	236,441	118,399	756,433	404,798	5,287	1,166,518
Insurance	32,003	14,433	31,134	82,401	5,334	165,305	432,242	283	597,830
Office expenses	18,009	43,871	57,524	140,836	4,864	265,104	449,691	1,308	716,103
Equipment purchases and rental	29,038	53,327	96,594	61,656	6,970	247,585	41,095	2,875	291,555
Recruiting	-	-	192,963	160,300	25,500	378,763	183,577	-	562,340
Telephone and utilities	39,891	73,078	167,140	123,082	29,759	432,950	32,169	807	465,926
Consultants and subcontractors	34,034	119,972	277,755	56,391	93,935	582,087	327,186	-	909,273
Staff training and conferences	12,003	41,058	127,593	31,883	14,333	226,870	49,810	-	276,680
Client subsistence and stipends	179,417	322,994	566,213	339,657	5,083	1,413,364	-	-	1,413,364
Client travel	15,507	120,846	143,359	64,948	25,646	370,306	-	-	370,306
Client supplies	53,638	48,276	11,645	2,235	17,234	133,028	-	-	133,028
Vehicle, fuel and maintenance	29,691	2,006	8,595	89,982	12	130,286	6,765	-	137,051
Interest and bank charges	-	-	-	-	-	-	34,345	-	34,345
Total other than personnel services	931,775	1,869,400	3,643,591	3,700,434	818,813	10,964,013	3,020,574	28,883	14,013,470
Donated facilities and services	-	26,933	87,052	5,552	-	119,537	-	-	119,537
Depreciation and amortization	38,786	13,417	174,602	110,358	38,331	375,494	73,235	-	448,729
Total expenses	\$ 5,801,324	\$ 8,587,572	\$ 22,994,493	\$ 19,152,798	\$ 3,805,240	\$ 60,341,427	\$ 9,474,290	\$ 244,934	\$ 70,060,651

See notes to financial statements

Center for Alternative Sentencing and Employment Services, Inc.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services					Supporting Services			
	Education, Career and Enrichment Programs	Clinical Support and Supervision	Supervised Release/ Pretrial Programs	Behavioral Health Programs	Nathaniel Clinic	Total	Management and General	Fundraising	Total
Salaries and related expenses:									
Personnel services	\$ 3,406,015	\$ 5,079,675	\$ 10,208,100	\$ 9,305,114	\$ 2,996,992	\$ 30,995,896	\$ 4,288,208	\$ 285,240	\$ 35,569,344
Fringe benefits	982,010	1,486,965	2,902,864	2,725,655	821,389	8,918,883	1,265,788	85,473	10,270,144
Total salaries and related expenses	4,388,025	6,566,640	13,110,964	12,030,769	3,818,381	39,914,779	5,553,996	370,713	45,839,488
Other than personnel services:									
Occupancy and renovation expenses	440,464	841,433	1,400,945	1,038,784	365,433	4,087,059	558,045	24,646	4,669,750
Contracted employees	31,125	60,311	227,535	1,389,804	279,650	1,988,425	625,609	891	2,614,925
Office and medical supplies	38,187	107,738	228,937	193,319	137,483	705,664	381,179	7,392	1,094,235
Insurance	28,357	12,589	26,910	71,792	5,156	144,804	369,853	348	515,005
Office expenses	31,066	43,790	26,421	108,697	8,774	218,748	405,352	2,299	626,399
Equipment purchases and rental	37,152	59,788	97,394	83,195	23,817	301,346	43,250	1,019	345,615
Recruiting	-	-	246,240	-	54,835	301,075	91,386	-	392,461
Telephone and utilities	44,691	84,351	132,334	112,747	37,876	411,999	40,425	909	453,333
Consultants and subcontractors	44,919	41,239	310,544	63,464	56,208	516,374	347,719	1,000	865,093
Staff training and conferences	15,247	131,386	75,304	70,171	38,532	330,640	51,583	2,164	384,387
Client subsistence and stipends	178,434	289,346	356,357	310,431	15,924	1,150,492	-	-	1,150,492
Client travel	11,973	77,773	128,095	64,606	27,162	309,609	-	-	309,609
Client supplies and other	40,554	63,756	16,745	-	8,652	129,707	-	-	129,707
Vehicle, fuel and maintenance	20,393	2,941	6,290	184,218	-	213,842	18,839	-	232,681
Interest and bank charges	-	-	-	-	-	-	53,529	-	53,529
Total other than personnel services	962,562	1,816,441	3,280,051	3,691,228	1,059,502	10,809,784	2,986,769	40,668	13,837,221
Donated facilities and services	-	36,200	76,161	4,507	-	116,868	-	-	116,868
Depreciation and amortization	34,753	19,240	124,216	213,574	30,974	422,757	102,795	-	525,552
Total expenses	\$ 5,385,340	\$ 8,438,521	\$ 16,591,392	\$ 15,940,078	\$ 4,908,857	\$ 51,264,188	\$ 8,643,560	\$ 411,381	\$ 60,319,129

See notes to financial statements

Center for Alternative Sentencing and Employment Services, Inc.

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 187,356	\$ (1,368,537)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	448,729	525,552
Net decretion of operating leases	(102,461)	(43,332)
Allowance for credit losses	(21,027)	-
(Increase) decrease in assets:		
Grants and contracts receivable	5,687,996	(1,675,713)
Contributions receivable	87,796	254,096
Medicaid/Managed Medicaid receivables	169,073	(280,365)
Other receivables	87,207	(81,261)
Prepaid expenses	(73,981)	(89,143)
Security deposits	(195,289)	9,040
Increase (decrease) in liabilities:		
Accounts payable	(2,036,047)	1,993,649
Accrued expenses and other liabilities	810,802	259,489
Grants and contract advances	496,145	(902,664)
Net cash flows from operating activities	<u>5,546,299</u>	<u>(1,399,189)</u>
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	-	47,460
Acquisition of fixed assets	(223,892)	(642,546)
Net cash flows from investing activities	<u>(223,892)</u>	<u>(595,086)</u>
Cash Flows From Financing Activities		
Proceeds from borrowings on loans payable	-	5,650,000
Repayment of loans payable	(2,750,000)	(3,825,000)
Net cash flows from financing activities	<u>(2,750,000)</u>	<u>1,825,000</u>
Net change in cash and cash equivalents	2,572,407	(169,275)
Cash and Cash Equivalents, Beginning	<u>506,705</u>	<u>675,980</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,079,112</u>	<u>\$ 506,705</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 7,796</u>	<u>\$ 24,670</u>

See notes to financial statements

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

1. Nature of Operations and Summary of Significant Accounting Policies

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 (IRC) and is therefore exempt from federal income taxes under Section 501(a) of the IRC. 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' programs provide comprehensive, persistent and compassionate support, including nationally recognized mental health services and proven alternatives to incarceration that help people get free of the criminal legal system and build better lives. From offices in Central Harlem, Downtown Brooklyn, the South Bronx, and Southeast Queens, CASES annually serves more than 9,000 people through a continuum of services including 1) alternatives to incarceration that provide people with the services and support they need to address challenges and make progress toward goals in the community; 2) mental health services including mobile treatment teams delivering the evidence-based Assertive Community Treatment model to people citywide living with serious mental illness and Certified Community Behavioral Health Clinic treatment at a community clinic in Harlem; and 3) preventive mentoring, education, employment and family services for youth and young adults vulnerable to becoming involved in the criminal legal system. CASES' programs support engagement in education and employment, improved health and wellness, and reductions in homelessness and recidivism. 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.

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).

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts

CASES determines whether an allowance for doubtful accounts should be provided for receivables arising from nonreciprocal revenue. 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 allowance for doubtful accounts is either increased or decreased based upon management's year-end assessment of the sufficiency of the allowance to absorb future uncollectable receivables. No allowance for doubtful accounts was considered necessary as of June 30, 2025 and 2024.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

Allowance for Credit Losses

CASES recognizes an allowance for credit losses for its receivables arising from reciprocal transactions to present the net amount expected to be collected as of the statements of financial position dates. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on management's expectation as of the statements of financial position dates. These assets are written off when CASES determines that such assets are deemed uncollectible. CASES pools its assets based on similar risk characteristics in estimating its expected credit losses. In situations where an asset does not share the same risk characteristics with other assets, CASES measures those assets individually. CASES also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

CASES utilizes the loss rate method in determining its lifetime expected credit losses on its assets carried at amortized cost. This method is used for calculating an estimate of losses based primarily on CASES' historical loss experience. In determining its loss rates, CASES evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition, and legal and regulatory requirements on the level of estimated credit losses in the existing assets. The allowance for credit losses was \$110,863 and \$131,890 as of June 30, 2025 and 2024, respectively.

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.

Third-Party Reimbursement

CASES receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies, primarily the New York State Office of Mental Health (OMH) and the New York State Department of Health (DOH). These revenues are subject to audit and retroactive adjustment by the respective third-party intermediary.

Operating Leases

CASES recognizes right-of-use assets and the corresponding lease liabilities as of the lease commencement date based on the present value of lease payments over the life of the lease term. To determine the present value of lease payments, CASES must use the rate implicit in the lease if it is readily determinable; otherwise, CASES may use either (a) a borrowing rate based on similar debt or (b) the practical expedient option provided by Accounting Standards Codification (ASC) 842, which allows an entity to use a risk-free rate for each class of underlying asset for a period comparable to the lease term to discount the lease payments to present value. CASES considers the lease term to be the noncancellable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease, if CASES is reasonably certain to exercise the option, (2) terminate the lease, if CASES is reasonably certain not to exercise that option, and (3) extend or not to terminate the lease, in which exercise of the option is controlled by the lessor. CASES has elected to use the practical expedient provided by ASC 842 to determine the present value of its lease payments. CASES' right-of-use assets and lease liabilities relate to rental space.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

CASES has also utilized the following practical expedients:

Short-term leases for leases that are for a period of 12 months or less, CASES will not apply the recognition requirements of ASC 842.

For leases that contain related nonlease components, such as maintenance, CASES will account for these payments as a single lease component.

Leases are classified as either finance or operating leases. For operating leases, the lease liability is initially and subsequently measured at the present value of the future payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and is subsequently measured similar to financed purchases, with interest expense recorded in connection with the lease liability. The classification between operating and finance leases determines whether lease expenses are recognized based on an effective interest method or on a straight-line basis, respectively, over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred and less any incentives received. Right-of-use assets under finance leases are amortized on a straight-line basis over the lease term. Right-of-use assets for operating and finance leases are periodically reduced by impairment losses.

CASES monitors for events or changes that could require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment will be made to the carrying amount of the corresponding right-of-use asset unless doing so would reduce the carrying amount of the right-of-use asset to an amount less than zero.

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. As of June 30, 2025 and 2024, there are no board-designated net assets.

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 statements of activities as net assets released from restrictions.

Government Grants and Contracts

Support funded by government grants and contracts is recognized as CASES meets the conditions prescribed by the contract, performs the contracted services or incurs outlays eligible for reimbursement under the contracts. As the conditions are met, CASES simultaneously releases the government contracts and they are reflected as without donor restrictions. Contract activities and outlays are subject to audit and acceptance by the funding agency and, as a result of such audit, adjustments could be required.

Contributions

Contributions are provided to CASES either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts, with or without donor restrictions.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts and grants, with or without restrictions:	
Gifts and grants that depend on CASES overcoming a donor-imposed barrier to be entitled to the funds and that also contain a right of return or release	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
Unconditional gifts and grants, with or without restrictions:	
Received at date of gift, cash and other assets	Fair value
Received at date of gift, property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Donated Services and Facilities

CASES received donations of various court space from the City of New York with an estimated fair value of \$119,537 and \$116,868 for the years ended June 30, 2025 and 2024, respectively. Donated facilities and materials have been recognized as revenue and expense in the statements of activities. The related expenses are fully programmatic in nature for the years ended June 30, 2025 and 2024 and have been allocated in accordance with the function benefited. For both years ended June 30, 2025 and 2024, donated facilities have been recognized at an estimated amount based on the average cost per square foot of real estate in each respective location.

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 the number of served individuals assigned to each clinician out of the total served. The maintenance department is allocated based on a square footage basis.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

Use of Estimates

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

Uncertain Tax Positions

CASES has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements to comply with the provisions of the Financial Accounting Standards Board (FASB) ASC 740. 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 for years prior to 2022.

Reclassifications

For comparability, certain 2024 amounts have been reclassified to conform with classifications adopted in 2025. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

2. Revenue From Contracts With Government Agencies

Service Revenue

CASES receives funding from OMH and other third-party payors for clinical services and support to people with behavioral health issues. CASES' clinic and Assertive Community Treatment and Care Management programs bill third-party payors for clinical services provided.

These amounts are due from third-party payors (including government programs and others) and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. CASES bills individuals and third-party payors after the services are performed or it has completed its portion of the contract. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied. The following table represents the beginning and end of the years balances as of June 30, 2025 and 2024 for Medicaid/Managed Medicaid receivables:

	<u>July 1, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Medicaid/Managed Medicaid receivable	\$ 1,281,350	\$ 1,561,715	\$ 1,413,669

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by CASES in accordance with the contract. Revenue for performance obligations satisfied is recognized as the services are provided based on service unit rates. CASES believes this method provides a faithful depiction of the transfer of services at a point in time of the performance obligation based on the inputs needed to satisfy the obligation. CASES measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each daily visit or period of time allowed based on the government agencies' stipulations.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

Because all of its performance obligations related to contracts with a duration of less than one year, CASES has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed and upon submission of required documentation, which is usually at each month-end.

CASES determines the transaction price based on established rates and contracts for services provided. The initial estimate of the transaction price is determined by reducing the established rates for services provided by any implicit price concessions based on historical collection experience with each government agency and school district. CASES has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payors and service lines. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Third-Party Payors

Agreements with third-party payors typically provide for payments at established charges. A summary of the payment arrangements with major third-party payors is:

Medicaid/Managed Medicaid - Reimbursements for clinical services are generally paid for each type of service provided. Certain of these rates may be subject to final settlement as determined after submission of annual cost reports by CASES.

Third-Party and Other - Payment agreements with private payors are based on predetermined rates for established services as they are provided, on a monthly basis.

Significant Judgments

Laws and regulations concerning government programs are complex and subject to varying interpretation. There can be no assurance that regulatory authorities will not challenge CASES' compliance with these laws and regulations, and it is not possible to determine the impact (if any) of such claims or penalties would have on CASES.

From time to time, CASES will receive overpayments resulting in amounts owed back to the government agency. In addition, contracts that CASES has with certain government agencies provide for reconciliation and retroactive audit and review of documentation and annual report filings. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2025 and 2024, CASES had no estimated liability for amounts due to government agencies.

Financing Component

CASES has elected the practical expedient allowed under FASB ASC Subtopic 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to CASES' expectation that the period between the time the service is provided to a customer and the time the customer or a third-party payor pays for that service will be one year or less.

Contract Costs

CASES has applied the practical expedient provided by FASB ASC Subtopic 340-40-25-4 and expenses all incremental customer contract acquisition costs as they are incurred, as the amortization period of the asset that CASES otherwise would have recognized is one year or less in duration.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

3. Concentration of Credit Risk

Substantially all of CASES' cash balances are maintained in one financial institution. Such 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.

4. Fixed Assets

Fixed assets, net, consist of the following:

	Estimated Useful Lives	2025	2024
Furniture and equipment	3 - 7 years	\$ 2,351,254	\$ 2,158,225
Vehicles	5 - 8 years	444,556	438,377
Leasehold improvements	5 - 10 years	2,206,771	2,206,771
		5,002,581	4,803,373
Less accumulated depreciation and amortization		3,813,146	3,389,101
		<u>\$ 1,189,435</u>	<u>\$ 1,414,272</u>

Depreciation and amortization expense related to fixed assets amounted to \$448,729 and \$525,552 for the years ended June 30, 2025 and 2024, respectively.

5. Loans Payable

Effective October 10, 2023, CASES entered into an agreement for a \$3,000,000 line of credit with Ponce Bank. The line of credit is secured by grants and contracts receivable, and bears interest at prime rate (7.50% and 8.50% as of June 30, 2025 and 2024, respectively), plus 0.5% maturing January 1, 2026. As of June 30, 2025 and 2024, the outstanding balance on the lines of credit was \$0 and \$2,750,000, respectively. Interest expense for the lines of credit was \$7,796 and \$24,670 for the years ended June 30, 2025 and 2024, respectively.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024:

	2025			
	Beginning Balance	Additions	Releases	Ending Balance
Education, Career and Enrichment Programs	\$ 122,169	\$ 72,900	\$ (87,224)	\$ 107,845
Supervised Release/Pretrial Programs	210,838	525,000	(443,752)	292,086
Behavioral Health Programs	-	10,000	(10,000)	-
Community Support and Supervision	78,802	158,747	(184,088)	53,461
Nathaniel Clinic Programs	215,500	395,001	(399,651)	210,850
Communications project	-	50,000	(25,000)	25,000
	<u>\$ 627,309</u>	<u>\$ 1,211,648</u>	<u>\$ (1,149,715)</u>	<u>\$ 689,242</u>
	2024			
	Beginning Balance	Additions	Releases	Ending Balance
Education, Career and Enrichment Programs	\$ 34,223	\$ 193,500	\$ (105,554)	\$ 122,169
Supervised Release/Pretrial Programs	260,530	460,000	(509,692)	210,838
Behavioral Health Programs	-	7,500	(7,500)	-
Community Support and Supervision	305,190	46,392	(272,780)	78,802
Nathaniel Clinic Programs	576,335	290,000	(650,835)	215,500
Time restricted	20,000	-	(20,000)	-
	<u>\$ 1,196,278</u>	<u>\$ 997,392</u>	<u>\$ (1,566,361)</u>	<u>\$ 627,309</u>

Net assets released from donor restrictions for the years ended June 30, 2025 and 2024 were released by incurring expenses satisfying the program restrictions and the expiration of any time restriction specified by the donors.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

7. Service Revenue

CASES disaggregates service revenue by types of service as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Performance obligations are satisfied as services are rendered. Payments are due upon receipt of related billing. The following table disaggregates service revenue for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Medicaid	\$ 3,987,179	\$ 3,362,378
Managed care	5,932,453	5,408,298
Commercial	<u>110,511</u>	<u>61,318</u>
Total	<u>\$ 10,030,143</u>	<u>\$ 8,831,994</u>

8. 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. Effective November 1, 2022, CASES amended the 403(b) plan to increase the matching contribution rate to 6% of eligible compensation. Contributions to the plan amounted to \$1,687,609 and \$1,422,497 for the years ended June 30, 2025 and 2024, respectively.

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 against these matters. There were no potential damages accrued for the years ended June 30, 2025 and 2024.

10. Lease Commitments

CASES has various operating lease agreements for office, program equipment, program facilities, including storage facilities, and vehicles expiring through 2041. Some of the leases are subject to real estate tax and operating expense escalations.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of June 30:

	<u>2025</u>	<u>2024</u>
Operating lease right-of-use assets	<u>\$ 25,531,262</u>	<u>\$ 15,797,008</u>
Operating lease liabilities:		
Current	\$ 2,704,998	\$ 2,637,409
Long-term	<u>24,449,252</u>	<u>14,885,048</u>
Total operating lease liabilities	<u>\$ 27,154,250</u>	<u>\$ 17,522,457</u>

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements

June 30, 2025 and 2024

The following table represents lease activity for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Lease cost:		
Operating lease cost	<u>\$ 3,730,909</u>	<u>\$ 3,568,794</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 3,833,370	\$ 3,605,527
Operating lease right-of-use assets obtained in exchange for lease liabilities	12,918,993	3,103,628
Weighted average remaining lease term:		
Operating leases	10.17 years	6.43 years
Weighted average discount rate:		
Operating leases	3.63%	3.02%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below:

Years ending June 30:	
2026	\$ 3,163,800
2027	3,851,690
2028	3,954,778
2029	4,010,838
2030	3,363,317
Thereafter	<u>14,914,303</u>
Total future minimum undiscounted lease payments	33,258,726
Less amount representing interest	<u>6,104,476</u>
Present value of future payments	27,154,250
Less current lease liabilities	<u>2,704,998</u>
Long-term lease liabilities	<u>\$ 24,449,252</u>

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' loan payable.

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Financial Statements
June 30, 2025 and 2024

The following reflects CASES' financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of the statements of financial position dates because of contractual or donor-imposed restrictions and internal designations.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,079,112	\$ 506,705
Grants and contracts receivable, net	12,299,623	17,987,619
Contributions receivable, due within one year	378,995	466,791
Medicaid/Managed Medicaid receivable, net	1,413,669	1,561,715
Other receivables	<u>48,171</u>	<u>135,378</u>
Total financial assets	17,219,570	20,658,208
Less donor-imposed restrictions and internal designations:		
Purpose restricted net assets	<u>(689,242)</u>	<u>(627,309)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,530,328</u>	<u>\$ 20,030,899</u>

12. Subsequent Events

CASES has evaluated subsequent events through December 18, 2025, the date that the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

**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***

Independent Auditors' Report

To the Board of Trustees of
Center for Alternative Sentencing and Employment Services, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Center for Alternative Sentencing and Employment Services, Inc. (CASES), which comprise CASES' statement of financial position as of June 30, 2025, 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 18, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CASES' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

New York, New York
December 18, 2025

**Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Trustees of
Center for Alternative Sentencing and Employment Services, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Center for Alternative Sentencing and Employment Services, Inc.'s (CASES) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on CASES' major federal program for the year ended June 30, 2025. CASES' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, CASES complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CASES' and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of CASES' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CASES' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CASES' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CASES' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CASES' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CASES' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CASES' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Baker Tilly US, LLP

New York, New York
December 18, 2025

Center for Alternative Sentencing and Employment Services, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice			
Office of Juvenile Justice and Delinquency Prevention Passed through the New York State Division of Criminal Justice Services	16.540	2018-JF-FX-0056	\$ 36,655
Total U.S. Department of Justice			<u>36,655</u>
U.S. Department of Labor			
Workforce Data Quality Initiative Passed through the Jobs for America's Graduates (JAG)	17.261	MI-36500-21-60-A-51	10,060
Total U.S. Department of Labor			<u>10,060</u>
U.S. Department of Health and Human Services			
Certified Community Behavioral Health Clinic Expansion Grants	93.696	N/A	824,670
Projects for Assistance In Transition from Homelessness (PATH) Passed through the New York State Office of Mental Health	93.150	C22195GG	76,219
Passed through the New York State Office of Mental Health	93.150	C22196GG	61,344
Total ALN 93.150			<u>137,563</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	243,262
Block Grants for Community Mental Health Services Passed through the New York State Office of Mental Health	93.958	OMH01-C22214GG-3650000	19,747
Passed through the New York State Office of Mental Health	93.958	OMH01-T23430GG-3650000	400,000
Block Grants for Community Mental Health Services	93.958	N/A	146,388
Total ALN 93.958			<u>566,135</u>
Total U.S. Department of Health and Human Services			<u>1,771,630</u>
Total federal expenditures			<u>\$ 1,818,345</u>

See notes to schedule of expenditures of federal awards

Center for Alternative Sentencing and Employment Services, Inc.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Center for Alternative Sentencing and Employment Services, Inc. (CASES) under programs of the federal government for the year ended June 30, 2025. The information in the 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* (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.

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.

3. Subrecipient

There were no payments made to subrecipients for federal awards received during the year ended June 30, 2025.

4. Indirect Cost Rate

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

Center for Alternative Sentencing and Employment Services, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

	_____ yes	<u> X </u> no
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Auditee qualified as low-risk auditee?

	<u> X </u> yes	_____ no
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Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.696	Certified Community Behavioral Health Clinic Expansion Grants

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Center for Alternative Sentencing and Employment Services, Inc.

Schedule of Prior Year Audit Findings
Year Ended June 30, 2025

Summary of Prior Year Audit Findings

None.