CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH AUDITOR'S REPORT

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.
AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

NawrockiSmith
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Central Nassau Guidance and Counseling
Services, Inc. and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of Central Nassau Guidance and Counseling Services, Inc. and Subsidiary (collectively, the "Agency", a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Nassau Guidance and Counseling Services, Inc. and Subsidiary as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Central Nassau Guidance and Counseling Services, Inc. and Subsidiary 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Nassau Guidance and Counseling Services, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 Central Nassau Guidance and Counseling Services, Inc. and Subsidiary's 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Nassau Guidance and Counseling Services, Inc. and Subsidiary's 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.

NawrockiSmith

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and that results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Hauppauge, New York
May 18, 2022

Nawrocki Smith LLP

CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,940,553	$ 8,651,048
Investments	81,278	74,973
Government contracts receivable	5,200,009	3,033,150
Program service fees receivable, net of allowance for doubtful accounts of $869,984 for 2021 and 2020	3,103,570	3,349,127
Prepaid expenses	168,659	98,987
Total current assets	17,494,069	15,207,285
NON-CURRENT ASSETS:		
Fixed assets, net of accumulated depreciation and amortization of $8,072,626 and $7,376,935, respectively	7,714,359	7,877,898
Investment in Recovery Health Solutions IPA, LLC	17,000	17,000
Security deposits	128,668	147,811
Restricted cash - capital reserve	165,944	160,311
Total non-current assets	8,025,971	8,203,020
Total assets	$ 25,520,040	$ 23,410,305
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Trade payables	$ 949,892	$ 487,214
Government agency payables	1,225,874	1,174,088
Accrued expenses	1,734,462	1,707,060
Deferred rent payable	117,364	125,714
Unearned revenue	543,511	1,912,111
Deferred income - Paycheck Protection Program	-	3,696,595
Current portion of long-term debt	103,983	109,302
Total current liabilities	4,675,086	9,212,084
NON-CURRENT LIABILITIES:		
Long-term debt, net of deferred issuance costs of $62,092 and $69,773, respectively	839,151	935,451
Due to governments	1,755,270	1,630,223
Total liabilities	7,269,507	11,777,758
NET ASSETS:		
Without donor restriction:		
Undesignated	18,084,589	11,472,236
With donor restriction:		
Purpose restricted	165,944	160,311
Total net assets	18,250,533	11,632,547
Total liabilities and net assets	$ 25,520,040	$ 23,410,305

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

CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES:						
Program service fees	$ 20,630,250	$ -	$ 20,630,250	$ 17,566,356	$ -	$ 17,566,356
Grants from governmental and other agencies	13,698,434	-	13,698,434	13,045,432	-	13,045,432
Paycheck Protection Program income	3,437,325	-	3,437,325	-	-	-
Rental	531,136	-	531,136	476,340	-	476,340
Contributions	113,624	-	113,624	58,993	-	58,993
Special events	151,624	-	151,624	113,575	-	113,575
United Way	8,359	-	8,359	10,313	-	10,313
Other	551,199	-	551,199	397,274	-	397,274
Investment earnings, net	13,280	5,633	18,913	45,642	5,031	50,673
Total revenues	39,135,231	5,633	39,140,864	31,713,925	5,031	31,718,956
EXPENSES:						
Program services	29,008,988	-	29,008,988	28,104,966	-	28,104,966
Management and general	3,442,402	-	3,442,402	3,337,277	-	3,337,277
Fundraising	71,488	-	71,488	48,433	-	48,433
Total expenses	32,522,878	-	32,522,878	31,490,676	-	31,490,676
CHANGE IN NET ASSETS	6,612,353	5,633	6,617,986	223,249	5,031	228,280
NET ASSETS, BEGINNING OF YEAR	11,472,236	160,311	11,632,547	11,248,987	155,280	11,404,267
NET ASSETS, END OF YEAR	$ 18,084,589	$ 165,944	$ 18,250,533	$ 11,472,236	$ 160,311	$ 11,632,547

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

CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2021

	Program Services												Support Services			
	Community Residence	Drop-In Center/Starry Night Café	Health Home Care Management	ACT/FACT Teams	SAMHSA Grants	CCBHC	Services to Deaf Mentally Ill	OFA Project Forward	PROS	Linkage Innovation for Older	Other	Total	Management and General	Fundraising	Total	Total
Contracted personnel services	$ 3,729,779	$ 67,154	$ 1,697,866	$ 1,216,680	$ 442,138	$ 7,809,280	$ -	$ 409,691	$ 868,697	$ 67,080	$ 500,419	$ 16,808,784	$ 2,280,999	$ 27,239	$ 2,308,238	$ 19,117,022
Payroll taxes and benefits	833,262	20,110	491,286	236,464	87,221	1,442,853	-	79,677	222,183	21,019	110,369	3,544,444	444,581	3,681	448,262	3,992,706
Rent	2,465,884	8,440	73,041	48,514	18,121	40,655	-	8,506	227,508	-	43,295	2,933,964	-	-	-	2,933,964
Consultants	-	-	-	2,575	142,870	499,726	18,761	163,054	-	84,409	227,036	1,138,431	206,862	-	206,862	1,345,293
Repairs and maintenance	595,023	26,366	103,868	41,699	4,332	206,270	-	13,110	112,258	785	63,744	1,167,455	30,267	1,073	31,340	1,198,795
Supplies, medical testing and activities	356,627	88,616	70,700	58,171	45,883	78,933	-	136,150	2,638	1,898	40,950	880,566	1,636	32,589	34,225	914,791
Depreciation	366,632	25,107	43,848	19,246	1,963	168,709	-	4,573	18,062	6,245	1,578	655,963	39,144	584	39,728	695,691
Utilities	318,782	16,536	12,904	8,029	2,211	111,901	-	2,386	41,781	-	2,525	517,055	27,783	659	28,442	545,497
Insurance	132,616	11,106	55,499	38,389	1,215	89,518	-	4,783	13,325	2,875	5,414	354,740	67,175	476	67,651	422,391
Data processing	9,939	-	-	9,105	7,180	177,878	-	5	-	-	4,366	208,473	11,149	-	11,149	219,622
Dues and subscriptions	20,339	773	77,434	3,482	2,271	12,558	-	42,854	2,015	245	2,925	164,896	52,310	398	52,708	217,604
Telephone	47,857	1,599	47,259	17,030	8,412	53,981	-	8,605	12,183	1,291	5,699	203,916	9,195	455	9,650	213,566
Professional fees	-	-	-	-	17,200	10,508	-	-	-	-	-	27,708	160,929	-	160,929	188,637
Miscellaneous	14,865	183	3,094	874	6,455	40,631	-	49,874	1,550	5	9,231	126,762	31,759	4,313	36,072	162,834
Staff training	10,463	-	7,633	5,209	54,249	11,496	-	9,586	1,948	3,990	50	104,624	23,963	-	23,963	128,587
Interest and financing	65,563	9	3,754	3,867	200	7,377	-	2,401	6,846	-	16	90,033	21,543	-	21,543	111,576
Transportation	24,498	644	7,723	14,627	-	17,369	-	-	93	96	55	65,105	8,527	-	8,527	73,632
Moving and storage	3,349	325	-	-	-	-	-	423	-	-	-	4,097	19,753	-	19,753	23,850
Postage	2,777	211	1,110	484	43	5,942	-	213	963	8	221	11,972	4,827	21	4,848	16,820
Total expenses	$ 8,998,255	$ 267,179	$ 2,697,019	$ 1,724,445	$ 841,964	$ 10,785,585	$ 18,761	$ 935,891	$ 1,532,050	$ 189,946	$ 1,017,893	$ 29,008,988	$ 3,442,402	$ 71,488	$ 3,513,890	$ 32,522,878

2020

	Program Services												Support Services			
	Community Residence	Drop-In Center/Starry Night Café	Health Home Care Management	ACT/FACT Teams	SAMHSA Grants	CCBHC	Services to Deaf Mentally Ill	OFA Project Forward	PROS	Linkage Innovation for Older	Other	Total	Management and General	Fundraising	Total	Total
Contracted personnel services	$ 3,790,588	$ 113,585	$ 2,006,097	$ 1,380,104	$ 311,262	$ 6,830,794	$ -	$ 359,318	$ 923,837	$ 65,049	$ 935,533	$ 16,716,167	$ 2,232,854	$ 29,558	$ 2,262,412	$ 18,978,579
Payroll taxes and benefits	866,230	29,280	525,351	219,481	59,243	1,098,786	-	78,170	221,480	21,702	212,848	3,332,571	389,785	3,898	393,683	3,726,254
Rent	2,546,587	8,333	85,845	47,660	3,435	31,483	-	8,390	222,817	-	23,699	2,978,249	-	-	-	2,978,249
Supplies, medical testing and activities	333,624	37,112	93,910	68,888	39,260	136,328	-	31,190	35,403	1,044	461,174	1,237,933	52,282	3,891	56,173	1,294,106
Repairs and maintenance	406,193	24,347	115,431	33,844	5,062	156,531	-	11,217	59,713	704	99,809	912,851	67,917	1,214	69,131	981,982
Depreciation	345,769	26,924	51,819	28,156	4,086	164,892	-	4,119	21,851	6,192	1,825	655,633	42,418	1,132	43,550	699,183
Consultants	-	-	585	249	27,410	71,870	7,622	88,157	-	-	262,425	458,318	134,877	-	134,877	593,195
Utilities	301,666	17,155	19,314	9,777	2,653	105,744	-	2,816	42,037	110	6,108	507,380	44,228	1,339	45,567	552,947
Insurance	106,231	9,282	44,317	27,607	1,490	44,088	-	3,270	8,736	2,261	6,881	254,163	50,533	429	50,962	305,125
Dues and subscriptions	18,332	1,060	83,887	5,595	517	113,508	-	26	2,993	120	28,344	254,382	32,227	3,615	35,842	290,224
Professional fees	103	-	40	5,220	5,250	5,319	-	-	-	-	-	15,932	172,310	25	172,335	188,267
Bad debt	176,336	-	-	-	-	-	-	-	-	-	-	176,336	-	-	-	176,336
Telephone	30,271	145	36,901	14,238	2,639	25,858	-	7,367	5,115	2,140	13,218	137,892	8,866	23	8,889	146,781
Interest and financing	72,638	-	1,664	3,487	85	13,419	-	2,827	9,995	-	-	104,115	22,484	-	22,484	126,599
Staff training	3,700	117	7,666	3,081	19,910	70,686	-	333	2,090	4	145	107,732	18,447	81	18,528	126,260
Data processing	-	-	-	-	59	19,072	-	-	-	81,675	-	100,806	2,735	118	2,853	103,659
Miscellaneous	16,240	441	3,567	1,725	5,890	15,511	-	594	1,332	44	17,817	63,161	35,801	2,510	38,311	101,472
Transportation	37,289	395	11,115	9,231	254	6,724	-	2,387	118	-	2,313	69,826	9,755	600	10,355	80,181
Postage	3,757	132	1,632	631	217	7,223	-	78	1,736	2	526	15,934	6,165	-	6,165	22,099
Moving and storage	3,825	-	-	-	-	-	-	1,760	-	-	-	5,585	13,593	-	13,593	19,178
Total expenses	$ 9,059,379	$ 268,308	$ 3,089,141	$ 1,858,974	$ 488,722	$ 8,917,836	$ 7,622	$ 602,019	$ 1,559,253	$ 181,047	$ 2,072,665	$ 28,104,966	$ 3,337,277	$ 48,433	$ 3,385,710	$ 31,490,676

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

CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 6,617,986	$ 228,280
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	695,691	699,183
Decrease in unamortized mortgage costs	-	647
Decrease in unamortized bond costs	7,681	7,681
Provision for bad debt	-	4,704
Unrealized gain on investments	(5,652)	(4,507)
Increase in government contracts receivable	(2,166,859)	(658,933)
Decrease (increase) in program service fees receivable	245,557	(341,155)
(Increase) decrease in prepaid expenses	(69,672)	20,358
Decrease (increase) in security deposits	19,143	(17,909)
Increase (decrease) in trade payables	462,678	(84,938)
Increase (decrease) in government agency payables	51,786	(175,502)
Increase in accrued expenses	27,402	600,794
Decrease in deferred rent payable	(8,350)	(438)
(Decrease) increase in unearned revenue	(1,368,600)	201,794
(Decrease) increase in deferred income - Paycheck Protection Program	(3,696,595)	3,696,595
Increase (decrease) in due to governments	125,047	(75,649)
Net cash provided by operating activities	937,243	4,101,005
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings reinvested	(653)	(1,054)
Purchase of fixed assets	(532,152)	(596,083)
Net cash used by investing activities	(532,805)	(597,137)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(109,300)	(168,392)
Net cash used by financing activities	(109,300)	(168,392)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	295,138	3,335,476
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	8,811,359	5,475,883
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 9,106,497	$ 8,811,359
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 56,013	$ 63,355
COMPONENTS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	$ 8,940,553	$ 8,651,048
Restricted cash	165,944	160,311
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	$ 9,106,497	$ 8,811,359

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

(1) Background and organization

Central Nassau Guidance and Counseling Services, Inc. is a not-for-profit corporation which was founded and incorporated under the laws of the State of New York in 1972. Central Nassau Guidance and Counseling Services, Inc. and CNGCS Development Corporation, a wholly owned subsidiary (collectively, the "Agency") are New York State not-for-profit corporations serving Nassau and Suffolk Counties. The mission of Central Nassau Guidance and Counseling Services, Inc. is to inspire and catalyze recovery for people living with mental health and substance use conditions through innovative and person-centered integrated clinical treatment, counseling, housing and support services—empowering those served to live healthy and fulfilling lives.

CNGCS Development Corporation is a not-for-profit corporation which was founded and incorporated under the laws of the State of New York in 1997. CNGCS Development Corporation serves as a title holding corporation that helps provide housing opportunities for those affected by mental health and substance use conditions for Central Nassau Guidance and Counseling Services, Inc.

(2) Summary of significant accounting policies:

The accompanying consolidated financial statements include the assets, liabilities, revenues and expenses of the Agency and eliminate all intercompany accounts and transactions which totaled $192,688 and $280,561 for the years ended December 31, 2021 and 2020, respectively. The following is a summary of significant accounting policies followed by the Agency:

Financial statement presentation -

The accompanying consolidated financial statements are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles which require the consolidated financial statements to distinguish between those with and without donor restricted net assets and changes in net assets. The Agency's net assets consist of the following:

Without donor restrictions - net assets of the Agency which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Agency.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Functional expenses -

The Consolidated Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Agency. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries, employee benefits, payroll taxes, rent and client assistance which are allocated on the basis of estimates of time and effort. Depreciation and building rent are allocated on basis of square footage and use, and all other expenses are allocated based on a systematic and rational basis. The major program services provided by the Agency are summarized as follows:

Peer-operated Drop-in and Respite Services: The Starry Night Café is a peer operated affirmative business that specializes in catering to the creative talents of persons with developmental disabilities. The program provides respite through supervised activities in a safe, stimulating, and supportive environment which offers numerous opportunities for people to use their talent and creativity while improving their social skills. The Starry Night Café also functions as a Drop-in Center during the daytime. The Drop-In Center provides a safe, nurturing and structured program designed to offer clients the opportunity to meet others, participate in recreational activities, learn computer skills, become knowledgeable of other resources in the community and to have a healthy meal. The work of the Drop-In Center is geared toward enabling the participants to enhance their interpersonal relationships, increase their opportunities for socialization, and create stability and independence within their personal lives. Both programs provide staff members with lived experience an opportunity to train and work in a competitive employment setting by operating various functions of the café while operating the programs.

Certified Community Behavioral Health Clinic (“CCBHC”): The Agency’s Certified Community Behavioral Health Clinic (“CCBHC”) provides integrated outpatient mental health, co-occurring and substance use disorder treatment and physical health services. Licensed by the NYS Office of Mental Health (“OMH”) and the NYS Office of Addiction Services and Supports (“OASAS”), CCBHC services are provided to adults, adolescents, children and families and include: Same day access to treatment, crisis stabilization services, psychosocial assessments, individual and group psychotherapy, psychiatric evaluations and medication management, outpatient detoxification and medication assisted treatment, 24/7 mobile crisis team, care transition and treatment services from the hospital to the home and community, on-site primary care services, targeted case management, peer support, counseling and family support services, psychiatric rehabilitation services, and intensive community-based mental health care for veterans and members of armed services. The Mobile Recovery Unit provides mobile and telehealth treatment services, via a recreational vehicle (“RV”) and a box truck, for substance use and co-occurring disorders including medication assisted treatment and peer outreach and engagement services.

The Agency also partnered with Northwell Health to improve the engagement rates into treatment for individuals who experience a heroin/opiate overdose at Northwell hospital emergency rooms throughout Long Island. The program provides support and direct connection to licensed treatment programs and linkage to recovery support services. The program also provides resources for family and/or significant others and supports the individuals for up to 120 days post hospital emergency department discharge.

Assertive Community Treatment ("ACT") Team: For individuals diagnosed with refractory Schizophrenia and/or serious mental illness characterized by multiple psychiatric hospitalizations and emergency room visits, involvement with criminal justice system and/ alcohol/substance use, three multi-disciplinary teams provide a full range of community based mental health and substance use treatment, medication management, rehabilitation, vocational and support services.

Personal Recovery-Oriented Services ("PROS"): The Roads to Recovery program, is a structured, recovery-oriented program that offers day mental health treatment and rehabilitative services to adults. The program is characterized by a blend of mental health and psycho education services provided in a fully integrated program. The program also includes clinical services such as individual and group counseling, family counseling, crisis intervention, interpersonal skill development, behavior modification and medication management.

Care Management Services: The Agency provides comprehensive care management and jail diversion services for clients who have complex medical, behavioral health, criminal justice, and/or long-term care or homebound needs. The Agency ensures high-quality case management services which address the social determinants of health while reducing avoidable health care costs, specifically preventable hospital admissions/readmissions and avoidable emergency room visits. These programs include our Health Home Care Management ("HHCM") program; Mental Health Court; Treatment Alternative to Prison Program ("TAPP"); and our "Link-Age" program which focuses on the homebound elderly population.

Residential Services: The Agency's residential programs provide a safe and supportive environment allowing our residents to grow and achieve their fullest potential with the goal of living independently in the community. The Agency provides 24- hour supervised, transitional and permanent housing opportunities for single adults with serious mental illness and co-occurring substance use disorders. In addition, the crisis respite programs offer short- term stays in a 24-hour staffed setting to those in immediate need of temporary refuge from their current housing situation.

Project FORWARD: This program offers relationship, communication, and parenting skill-building workshops to adults 18 years and older. Participants also receive individualized coaching to help support their goals, along with optional financial and employment stability support/services. Project FORWARD provides the tools to support and enhance healthy communication, enduring relationships, and positive parenting skills (for those with children).

Health Insurance Navigation: The Agency has partnered with Health and Welfare Council of Long Island to link individuals across Long Island with health insurance through the New York State marketplace. Together, we engage underserved individuals in the community and not only assist them in navigating the complex health insurance system, but also provide advocacy and guidance in choosing a managed care plan or a primary care physician.

Fundraising expenses -

The proceeds from the Agency's special events are reflected in the Consolidated Statements of Activities. Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of approximately equal value.

The costs of the direct benefits to the donors attending special events and the indirect costs, including labor and other overhead expenses, associated with the Agency's fundraising activities are included as fundraising expenses in both the Consolidated Statements of Activities and the Consolidated Statements of Functional Expenses.

Revenue recognition -

The following are the significant revenue recognition accounting policies of the Agency:

Contracts: Revenue under contracts are recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as unearned revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Agency will record such disallowance at the time the final assessment is made.

Grants and contributions: Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. 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 to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restriction. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Third party reimbursements: Third party reimbursements are reported at an amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing housing to eligible families. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

Fundraising revenue: The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Deferred rent -

For accounting purposes, the total rent payable over the life of the lease, which escalates over time, is recognized on the straight-line basis. Actual rent payments differ from these reported amounts; actual rent paid is less than reported amounts in the early years of the lease and exceeds the reported amounts in the later years. Deferred rent reflects the difference between the straight-line calculation reported and the actual rent expense paid.

Contributed services -

A number of volunteers have donated significant amounts of their time in the Agency's program services and fundraising campaigns. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying consolidated financial statements.

Cash and cash equivalents -

All highly liquid financial instruments with an original maturity of three months or less, other than those held as part of the investment portfolio or restricted cash, are considered to be cash equivalents for financial statement purposes.

Restricted cash -

> Capital reserve: The New York State Office of Mental Health ("OMH") requires the Agency to reserve, from its funding, an amount annually equal to 0.6% of the acquisition cost for each property that the Agency owns and uses to run a residency program; up to 10% of the acquisition cost. Expenditures from this account are restricted to repairs and maintenance on the respective facilities and require approval by OMH before disbursement.

Government contracts and program service fees receivables -

Accounts receivable are comprised of Federal, State, county grants and contracts, as well as Medicaid and Medicare expected to be received within the upcoming year. As of December 31, 2021 and 2020, the Agency has reserved a balance for potential uncollectible accounts amounting to $869,984, respectively. Such estimate is based on management's experience, the aging of receivables, subsequent receipts and current economic conditions.

Investments -

Investments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Agency follows U.S. generally accepted accounting principles regarding fair value measurements which establish a fair value hierarchy requiring an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Investment income is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification.

Liquidity considerations -

Quantitative

As of December 31, 2021, the Agency has $17,494,069 of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Consolidated Statement of Financial Position date, as noted in the current assets section. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within one year of the Consolidated Statement of Financial Position date.

Qualitative

As of December 31, 2021, the Agency has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 2 months of normal operating expenses, which are, on average, approximately $5.3 million.

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. Maintenance and repairs are expensed as incurred. The carrying amounts of fixed assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of, and any resulting gain or loss is recorded in the consolidated statement of activities and changes in net assets. The Agency capitalizes expenditures over $3,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years
Building improvements	15-30 years
Leasehold improvements	20 years or the life of the lease, whichever is less
Furniture, fixtures and equipment	5-7 years
Transportation equipment	5 years

Certain property and equipment assets acquired through contracts may revert upon termination of the contract to the contracting governmental Agency at the end of the contract period.

Government Agency payables -

The Agency owes money back to various government agencies as a result of overpayments from contracts due from services, treatments or programs.

Impairment of long-lived assets and long-lived assets to be disposed of -

The Agency follows the provision of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification on accounting for the impairment and disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These principles did not have any impact on the Agency's consolidated financial position, results of activities or liquidity during the years ended December 31, 2021 and 2020.

Conditional asset retirement obligations -

The FASB Accounting Standards Codification on asset retirement and environmental obligations requires the Agency to recognize the fair value of its legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2021 and 2020, the Agency has met the provisions of and is in compliance with these requirements.

Vacation accrual policy -

Employees may be paid unused vacation pay up to their termination date, plus up to the maximum of ten days which might have been accrued from the previous year, provided that the employee has complied with notice of resignation requirements. An exception may be made for an employee to accrue more than ten days to the following year with the approval of the Chief Executive Officer.

Income taxes -

Central Nassau Guidance and Counseling Services, Inc. qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. The subsidiary, CNGCS Development Corporation, qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(2) of the Internal Revenue Code and applicable New York State tax laws as a holding corporation. Accordingly, no provision for Federal or State income taxes is required.

Uncertainty in income taxes -

The Agency has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Periods ending December 31, 2018 and subsequent remain subject to examination by the applicable taxing authorities.

The use of estimates in the preparation of consolidated financial statements -

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

(3) Fair value measurements:

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Agency has adopted the standard for their financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Agency in addressing the fair value of financial instruments.

Common stock -

Common stock are securities that represent equity ownership that also comes with voting rights in a company or organization.

Short-term investments -

Short-term investments held by the Agency consist of certificates of deposit. These investments consist of funds with and without donor restrictions and do not include any government grant or contract funds. The carrying amounts reported on the Statements of Financial Position approximate those assets' fair values.

Investment in LLC -

Investments held by the Agency consist of an investment in a limited liability corporation. The carrying amount reported is valued according to the valuation policy of the partnership, subject to prevailing accounting and other regulatory guidelines. The Agency has no ability to influence the operating or financial policies.

The following table represents the Agency's fair value hierarchy for investments as of December 31, 2021:

	Fair value	Level 1	Level 2	Level 3
Common stock	$ 32,370	$ 32,370	$ -	$ -
Certificates of deposit	48,908	48,908	-	-
Investment in LLC	17,000	-	-	17,000
	$ 98,278	$ 81,278	$ -	$ 17,000

The following table represents the Agency's fair value hierarchy for investments as of December 31, 2020:

	Fair value	Level 1	Level 2	Level 3
Common stock	$ 26,372	$ 26,372	$ -	$ -
Certificates of deposit	48,601	48,601	-	-
Investment in LLC	17,000	-	-	17,000
	$ 91,973	$ 74,973	$ -	$ 17,000

As of December 31, 2021 and 2020, the Agency did not possess any level 2 type of investments.

(4) Investments

Investments as of December 31, 2021 and 2020 are as follows:

	2021		2020	
	Cost	Market Value	Cost	Market Value
Common stock	$ 13,344	$ 32,370	$ 13,344	$ 26,372
Certificates of deposit	40,000	48,908	40,000	48,601
	$ 53,344	$ 81,278	$ 53,344	$ 74,973

(5) Fixed assets

Fixed assets as of December 31, 2021 and 2020 are comprised of the following:

	2021	2020
Land	$ 495,801	$ 495,801
Construction-in-progress	198,868	399,997
Buildings improvements	12,125,927	11,755,624
Furniture, fixtures and equipment	1,690,000	1,634,210
Transportation equipment	1,276,389	969,201
	15,786,985	15,254,833
Less: accumulated depreciation	8,072,626	7,376,935
	$ 7,714,359	$ 7,877,898

(6) Line of credit

The Agency had a $5,000,000 revolving line of credit with a M&T bank for general operations which was amended on February 28, 2020 for additional borrowings of up to $8,000,000. Borrowings under this line were secured by essentially all of the Agency's assets. The interest rate on the line provided for certain minimum and maximum rate limitations. Interest on outstanding amounts under this agreement are at the prime rate (3.25% as of December 31, 2021). There were no borrowings on this line of credit.

(7) Long-term debt:

Mortgages payable

The mortgage held by the Dormitory Authority of the State of New York ("DASNY"), dated April 1997, in the amount of $279,000, was payable over a 24 year period at an interest rate of 7.74%. This loan was payable in annual installments of principal and interest in the amount of $23,900 through December 1, 2020. The funding for which was included in the Agency's contract with the New York State Office of Mental Health ("OMH"). The mortgage was secured by the premises and contents. As of December 31, 2021 and 2020, the balance of the mortgage payable was $0, respectively.

The mortgage held by the DASNY, dated March 2005 in the amount of $528,000, was assumed by the Agency in January 2008 and had a balance of $445,841. The mortgage was payable in annual installments of principal and interest of $41,070 over a period of 15 years at an interest rate of 2.76% through December 1, 2020. The funding for which was included in the Agency's contract with OMH. The mortgage was secured by the premises. As of December 31, 2021 and 2020, the balance of the mortgage payable was $0, respectively.

The Agency issued a new mortgage to refund its outstanding tax-exempt Series 2000 A-F Civic Facility Revenue Bond (the "Bond") in January 2015 in the amount of $2,370,000. The original proceeds of the Bond were used to purchase and renovate several properties owned by the Agency. The mortgage is payable over a 15 year period and bears interest at a rate of 4.50%, and is payable in monthly installments of principal and interest in the amount of $12,307 through February 1, 2030. As of December 31, 2021 and 2020, the balance of the mortgage payable was $943,134 and $1,034,805, respectively (net of debt issuance costs of $62,092 and $69,773, respectively).

Vehicle loans

The Agency capitalized vehicles under various vehicle loan agreements with maturities dated through 2022. As of December 31, 2021 and 2020, the balance of the vehicle loans payable was $0 and $9,948, respectively.

Scheduled future principal payments on all long-term debt, including mortgage and vehicle payables are as follows:

For the Year Ended December 31,	
2022	$ 103,983
2023	108,827
2024	113,798
2025	119,200
2026	124,754
2027-2030	434,664
	1,005,226
Less: issuance costs	(62,092)
	$ 943,134

(8) Paycheck Protection Program

On April 23, 2020, the Agency received loan proceeds in the amount of $3,696,595 pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which was enacted on March 27, 2020. In accordance with U.S. generally accepted accounting principles, the Agency has opted to account for its PPP loan as an in-substance government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. The Agency believes all conditions and barriers have been met during the fiscal year ended December 31, 2021. Accordingly, the Agency has recorded the proceeds as revenue, which is reflected in grants from governmental and other agencies in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

(9) With donor restrictions

Net assets with donor restrictions are available for or relate to capital asset purchases. The donor restricted funds are kept within a separate bank account and are used accordingly.

(10) Commitments and contingencies:

Contract funding considerations

Reimbursement contracts are often subject to audit by applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if any audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying consolidated financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying consolidated financial statements.

Reimbursement of expenditures

Contracts, grants and fees applicable to program and community services are reported in the year earned at net realizable amounts for services rendered under contracts and reimbursement agreements. Certain contracts and grants provide for reimbursement rates that are subject to potential changes based on periodic reviews by the funding agencies. Such rates are either adjusted prospectively through future reimbursement rates or are adjusted retroactively. Prospective rate adjustments are generally insignificant and are reflected in the revenues of the future periods based on when the adjusted reimbursement rates are determined. Retroactive rate adjustments are recorded as adjustments to revenues in the period that the amounts are determinable and are reasonably measurable.

Some of the Agency's contracts and grants do not provide for rate adjustments although they may be subject to audits. It has been the experience of the Agency that adjustments as a result of audits have been insignificant. Management of the Agency is not aware of any potential material liabilities as of December 31, 2021 resulting from any audits.

As of December 31, 2021 and 2020, the Agency recorded unearned revenue for grants in the amount of $543,511 and $1,912,111, respectively, for potential disallowed claims for reimbursement. Disallowed claims arise principally due to amounts claimed in excess of final amounts reconciled on the Consolidated Fiscal Report ("CFR"). It is the opinion of management that disallowances, if any, in excess of amount recorded for unearned revenue would not have a material effect on the combined financial position of the Agency.

As of December 31, 2021 and 2020, the Agency recorded amounts due to governments in the amount of $1,755,270 and $1,630,223, respectively, for contract amounts received in excess of expenditures.

Operating leases

The Agency, as part of the Residential Services Program, leases several apartments, with lease terms generally for one or two year periods. Residents of the program are responsible for a portion of the minimum annual rental. The space minimum annual rental has not been reduced by the residents' portion because of the variability in occupancy levels and reimbursement rates.

In March 1998, the Agency, as part of its Residential Services Program, entered into a lease with DASNY for use of space in Building 71 of the Pilgrim Psychiatric Center located in Brentwood, NY. The modified term of the lease is currently April 1, 2001 to March 31, 2031 for an annual rental amount of $162,624. The rental payments associated with this building are reimbursed to the Agency as a direct pass-through. These funds are paid, on behalf of the Agency, directly to the DASNY by OMH.

In December 2015, the Agency entered into a 10 year lease with 55 Ames Court LLC for use of the space to provide outpatient treatment services. The agreement expires in 2026 with annual rent expense escalations of 3% each year. The Agency is responsible for utilities and maintenance.

On October 1, 2020, the Agency entered into a 2 year lease agreement with 245 Newtown Road LLC for use of space to provide administrative office space for the Residential Services Program. The agreement expires on September 30, 2022 with annual rent escalations of 3% each year. The Agency is responsible for utilities and maintenance.

Future minimum annual lease payments for all leases are summarized as follows:

For the Year Ended December 31,	
2022	$ 1,531,618
2023	377,035
2024	296,802
2025	305,707
	$ 2,511,162

Rent expense amounted to $2,933,964 and $2,978,249 for the years ended December 31, 2021 and 2020, respectively.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 has impacted various parts of its operations and financial results. Management believes the Agency is taking appropriate actions to mitigate the negative impact. In connection therewith, the Agency applied for and received grants from various agencies. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

(11) Pension and retirement plans:

403(b) Plan

The Agency has a 403(b) Thrift Plan (the "Thrift Plan") for eligible non-union employees. Non-union employees may elect to defer compensation and make voluntary contributions to the plan. Voluntary contributions to the Thrift Plan amounted to approximately $135,000 and $98,000 for the years ended December 31, 2021 and 2020, respectively. The Agency may make discretionary contributions to the plan each year, however no discretionary contributions were made to the Thrift Plan for each of the years ended December 31, 2021 and 2020.

Certain eligible non-union employees are given a set fringe rate as part of their compensation package to be used for health benefit or retirement purposes at their election. Any unspent fringe benefits are contributed to the employee's 403(b) Thrift Plan account. Fringe benefits which were contributed to the Thrift Plan amounted to approximately $442,000 and $412,000 for the years ended December 31, 2021 and 2020, respectively.

457(b) Plan

The Agency provides a defined contribution retirement plan under Section 457(b) (the "457(b) Plan") of the IRC. The 457(b) Plan became effective on December 1, 2008. The 457(b) Plan is available for the benefit of a select group of highly compensated management employees. The 457(b) Plan allows eligible employees to contribute up to the lesser of 100% of their salary for the year or the applicable dollar amount for a year as set by the Internal Revenue Service. There are no matching contributions. Employee contributions are remitted to an insurance company and are used to purchase annuities and other investments. For the years ended December 31, 2021 and 2020, contributions to the 457(b) Plan amounted to approximately $62,000 and $65,000, respectively.

Multi-employer defined benefit pension plan

The Agency contributes to a multi-employer defined benefit pension plan (the "Plan") under the terms of a collective bargaining agreement that covers its union represented employees.

The risk of participating in a multi-employer plan is different from a single-employer plan in the following aspects:

- Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

- If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the participating employers.

- If the Agency chooses to stop participating in the multi-employer plan, the Agency may be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

The Agency's participation in the Plan for the year ended December 31, 2021, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit plan number. The next column lists the expiration date of the collective-bargaining agreement to which the Plan is subject. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2021 and 2020 is for the Plan's year end at December 31, 2021 and 2020, respectively. The zone status is based on information that the Agency received from the Plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

EIN/Pension Plan Number	Expiration Date of Collective Bargaining Agreement	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Contributions To the Plan	
		2021	2020			2021	2020
13-3604862-001	10/31/2017	Green	Green	No	No	$ 61,522	$ 64,725

(12) Concentrations of credit risk

The Agency maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(13) Subsequent events

The Agency has evaluated subsequent events through May 18, 2022, which is the date the financial statements were available to be issued, noting no matters requiring financial statement disclosure.