

Southern Tier Independence Center, Inc.

**Single Audit
Financial Report
Year Ended December 31, 2023**



BRYANS & GRAMUGLIA
CPAs, LLC

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Independent Auditors' Report

To the Board of Directors of
Southern Tier Independence Center, Inc.

Opinion

We have audited the accompanying financial statements of Southern Tier Independence Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 financial statements present fairly, in all material respects, the financial position of Southern Tier Independence Center, Inc. as of December 31, 2023 and 2022, 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.

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 those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Tier Independence Center, Inc. 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 opinions.

Change in Accounting Principles

As described in Note 10 to the consolidated financial statements, Southern Tier Independence Center, Inc. implemented Accounting Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments* and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Tier Independence Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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 are considered material if there is 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 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 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 Southern Tier Independence Center, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Tier Independence Center, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statements of financial information included on pages 18 - 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 20, 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 also 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary statements of financial information and the schedule of expenditures of federal awards are 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 May 16, 2024, on our consideration of Southern Tier Independence Center, Inc.'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 the results of that testing, and not to provide an opinion on the effectiveness of Southern Tier Independence Center, Inc.'s 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 Southern Tier Independence Center, Inc.'s internal control over financial reporting and compliance.

Bryans & Gramuglia CPAs, LLC

Albany, New York

May 16, 2024

Southern Tier Independence Center, Inc.
Statements of Financial Position
December 31, 2023 and 2022



ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 9,513,252	\$ 2,831,145
Accounts receivable, net	1,416,707	1,945,377
Unconditional promises to give, net	1,431,534	1,446,550
Prepaid expenses	55,608	129,481
Total Current Assets	12,417,101	6,352,553
Property, Plant and Equipment		
Buildings and improvements	4,097,075	4,015,669
Furniture, fixtures and equipment	2,995	2,995
Total	4,100,070	4,018,664
Less accumulated depreciation	1,678,080	1,535,884
Net Property, Plant and Equipment	2,421,990	2,482,780
TOTAL ASSETS	\$ 14,839,091	\$ 8,835,333
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 193,972	\$ 136,442
Accrued expenses	899,669	830,339
Refundable advances	1,385	3,122
Due to funding sources	40,416	-
Current installments of long-term debt	69,298	64,831
Total Current Liabilities	1,204,740	1,034,734
Other Liabilities		
Long-term debt, net of current installments	246,420	315,087
Total Liabilities	1,451,160	1,349,821
Net Assets		
Without donor restrictions	13,387,931	7,485,512
TOTAL LIABILITIES AND NET ASSETS	\$ 14,839,091	\$ 8,835,333

See accompanying notes to financial statements.

Southern Tier Independence Center, Inc.
Statements of Activities
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Unrestricted Support and Revenue		
Program support and revenue	\$ 22,282,054	\$ 16,316,245
Nonprogram support and revenue	289,361	75,139
Total Support and Revenue	<u>22,571,415</u>	<u>16,391,384</u>
Expenses		
OPWDD	2,512,878	3,561,973
Other supported employment	48,918	39,640
CDPAS services	8,510,503	7,241,727
NYSED and other services	2,068,011	2,021,750
NYS DOH	1,979,577	2,051,432
Fundraising	71,887	48,792
Management and general	1,477,222	1,309,684
Total Expenses	<u>16,668,996</u>	<u>16,274,998</u>
Change in Net Assets	5,902,419	116,386
Net Assets, Beginning of Year	<u>7,485,512</u>	<u>7,369,126</u>
Net Assets, End of Year	<u>\$ 13,387,931</u>	<u>\$ 7,485,512</u>

Southern Tier Independence Center, Inc.
Statement of Functional Expenses
December 31, 2023

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 11,007,349	\$ 886,020	\$ 49,319	\$ 11,942,688
Payroll taxes/fringe benefits	2,038,886	213,113	9,655	2,261,654
Purchased services	1,010,430	87,462	1,675	1,099,567
Consultants/presenters	-	-	-	-
Supplies	25,479	9,341	122	34,942
Equipment	92,791	2,236	5	95,032
Telephone	62,059	8,051	196	70,306
Postage and shipping	12,718	3,139	6	15,863
Occupancy				
Rent/utilities	61,801	22,871	5,157	89,829
Repairs/maintenance	18,643	175	15	18,833
Printing/publications	472	-	-	472
Staff travel	135,092	1,862	-	136,954
Depreciation	-	142,195	-	142,195
Interest	-	18,954	-	18,954
Interpreters	398,846	-	-	398,846
Insurance	35,126	32,462	5,358	72,946
Memberships/applications	9,959	11,179	-	21,138
MWBE	42,178	3,834	170	46,182
Bad debt expense	10,000	-	-	10,000
Miscellaneous	158,058	34,328	209	192,595
Total Functional Expenses	\$ 15,119,887	\$ 1,477,222	\$ 71,887	\$ 16,668,996

Southern Tier Independence Center, Inc.
Statement of Functional Expenses
December 31, 2022

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 11,087,599	\$ 836,588	\$ 31,953	\$ 11,956,140
Payroll taxes/fringe benefits	2,191,807	171,754	9,208	2,372,769
Purchased services	624,967	77,223	1,120	703,310
Consultants/presenters	25	-	-	25
Supplies	20,574	3,873	34	24,481
Equipment	124,589	881	4	125,474
Telephone	60,958	8,309	243	69,510
Postage and shipping	11,604	(84)	11	11,531
Occupancy				
Rent/utilities	90,853	5,637	5,810	102,300
Repairs/maintenance	21,982	450	28	22,460
Printing/publications	-	-	-	-
Staff travel	128,559	316	-	128,875
Depreciation	-	138,868	-	138,868
Interest	-	21,803	-	21,803
Interpreters	347,120	(172)	-	346,948
Insurance	51,662	13,782	20	65,464
Memberships/applications	9,671	10,266	-	19,937
MWBE	46,543	2,201	111	48,855
Bad debt expense	-	-	-	-
Miscellaneous	98,009	17,989	250	116,248
Total Functional Expenses	\$ 14,916,522	\$ 1,309,684	\$ 48,792	\$ 16,274,998

Southern Tier Independence Center, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 5,902,419	\$ 116,386
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	142,195	138,868
Bad debt expense	10,000	-
(Increase) decrease in assets:		
Accounts receivable, net	518,670	(494,119)
Unconditional promises to give, net	15,016	(116,993)
Prepaid expenses	73,873	18,921
Increase (decrease) in liabilities:		
Accounts payable	57,530	71,952
Accrued expenses	69,330	48,193
Refundable advances	(1,737)	(84,032)
Due to funding sources	40,416	(334)
Net Cash Provided (Used) by Operating Activities	6,827,712	(301,158)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(81,405)	-
Net Cash Provided (Used) by Investing Activities	(81,405)	-
Cash Flows From Financing Activities		
Principal payments on long-term debt	(64,200)	(61,351)
Net Cash Provided (Used) by Investing Activities	(64,200)	(61,351)
Net Increase (Decrease) in Cash and Cash Equivalents	6,682,107	(362,509)
Cash and Cash Equivalents, Beginning of Year	2,831,145	3,193,654
Cash and Cash Equivalents, End of Year	\$ 9,513,252	\$ 2,831,145
Supplemental Information		
Cash paid for interest	\$ 18,954	\$ 21,803

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Southern Tier Independence Center, Inc. (STIC) is a private nonprofit corporation that has been established to provide comprehensive services to the disabled residents of Broome County and surrounding counties, who strive to live independently. STIC accomplishes this objective by planning, creating, implementing and evaluating programs serving the needs of such individuals and their families. Through the combination of community involvement and coordination with established agencies, STIC helps eligible program participants achieve independent living and self-esteem.

STIC is funded primarily by federal, state, county, and local governmental contracts and grants and fees from Medicaid. These governmental contracts, grants and fees amounted to approximately 67% and 61% of its total revenue for the years ended December 31, 2023 and 2022, respectively.

Basis of Accounting

The financial statements of STIC have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, STIC considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Unconditional Promises to Give, Net

Contributions are recognized when the donor makes a promise to give to STIC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

STIC uses the allowance method to determine uncollectable unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance for doubtful accounts was \$-0- for the years ended December 31, 2023 and 2022.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable, Net

Revenues are charged and collected routinely. Amounts that remain uncollected at the end of a period are recorded as accounts receivable. An allowance for credit losses is estimated by management based on periodic reviews of the collectability of specific accounts receivable considering historical experience and prevailing economic conditions.

At each balance sheet date, STIC recognizes an expected allowance for credit losses. In addition, also at each reporting date, the estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. STIC believe historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. As a result, STIC used the loss rate method. This method uses historical trends of bad debt expense to estimate future credit losses.

The allowance for credit losses was \$10,000 and \$-0- for the years ended December 31, 2023 and 2022, respectively. Bad debt expense for the years ended December 31, 2023 and 2022 was \$10,000 and \$-0-, respectively.

Property, Plant and Equipment and Depreciation

STIC capitalizes individual property, plant and equipment items greater than \$1,000 with a useful life of two years or more. Lesser amounts are expensed. Property, plant and equipment purchased using STIC funds are stated at acquisition cost less accumulated depreciation. Donated assets are recorded at fair market value at the date of donation less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Building and improvements	39-40
Furniture, fixtures and equipment	5-7

Depreciation expense was \$142,195 and \$138,868 for the years ended December 31, 2023 and 2022, respectively.

Maintenance and repairs are charged to operations when incurred; betterments and renewals are capitalized. When property, plant and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in operations.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of Long-Lived Assets

STIC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recovered. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of the asset. STIC has determined that no impairment existed at December 31, 2023 and 2022.

Accrued Expenses

Accrued expenses consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Accrued payroll	\$ 557,736	\$ 488,247
Accrued vacation	338,265	339,012
Other accruals	3,668	3,080
Total	<u>\$ 899,669</u>	<u>\$ 830,339</u>

Refundable Advances

Refundable advances consist of monies advanced by funding sources for STIC's programs. These advances will be recognized as revenue when services are rendered.

Due to Funding Sources

Due to funding sources represents advances in excess of the revenues earned by the programs. The amounts owed to funding sources are interest free and have been classified as current liabilities in the statements of financial position based on the expected repayment schedule.

Net Assets – Without Donor Restrictions

Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control. The resources can be used to carry out the operations of STIC in accordance with its by-laws.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from Medicaid and other third-party payers are recognized at approved rates when STIC satisfies their performance obligations under contracts by providing services to individuals. STIC's performance obligation is to provide vocational, CDPAS services, community habilitation and other services to individuals with intellectual and/or other developmental disabilities. The transaction price is based on established charges for services provided. These rates are determined by allowable expenditures in rate setting periods.

STIC expects to collect established charges. STIC performs an assessment of individuals' ability to pay for the services provided prior to performing services. Based on this assessment, STIC determined that there are no implicit price concessions provided to individuals.

Revenue under Medicaid and third-party payer agreements are subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing the Medicaid and other insurance programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

STIC recognizes revenue from government grants as revenue when eligible costs are incurred or services are performed. A receivable is recognized to the extent revenue earned exceeds cash advances. Conversely, a refundable advance is recorded when cash advances exceed support and revenue earned.

Fees for service revenue are recognized based on approved rates when STIC satisfies their performance obligations under contracts by transferring services to individuals.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from fund-raising activities is recorded when the activity takes place or as STIC satisfies their performance obligations under contracts.

Performance obligations for all of STIC's services are provided and consumed at a point in time, not over time, and therefore these types of fees allocated to performance obligations are not left unsatisfied or partially unsatisfied at the end of the reporting period.

Contributions

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. STIC reports gifts of cash, marketable securities and other assets as without donor restrictions if no donor stipulations exist, and as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. STIC reports these gifts as without restrictions unless explicit donor stipulations specify how the assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, STIC reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services

STIC receives a significant amount of donated services from unpaid volunteers who assist with services provided by STIC. These services are not accounted for in the financial statements as they do not meet the criteria for recognition in accordance with generally accepted accounting principles.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services. These expenses include salaries and wages and benefits, depreciation, amortization and other occupancy related costs.

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

Salary and wages and benefits are allocated based on actual time spent in the various programs. Depreciation, amortization and occupancy related costs are either directly charged or allocated based on the full-time equivalent units working in the program.

Advertising

STIC expenses advertising costs in the years they occur. Advertising expense was \$16,613 and \$610 for the years ended December 31, 2023 and 2022, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly actual results could differ from those estimates.

Income Tax Status

STIC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, STIC qualifies for charitable contribution deductions and has been classified as an organization other than a private foundation.

The Financial Accounting Standards Board issued FASB ASC 740-10 which requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could occur to jeopardize their tax-exempt status. However, STIC has no knowledge of events or circumstances that would jeopardize its tax-exempt status.

STIC has implemented FASB ASC 740-10 and its current accounting policy for evaluating uncertain tax positions is in accordance with generally accepted accounting principles. STIC has not recognized any benefits from uncertain tax positions in 2023 and believes it has no uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the statements of financial position date.

STIC evaluated its tax position and concluded that all of the positions taken by STIC would more likely than not be sustained upon examination, based on technical merits. The information returns of STIC for 2020, 2021, and 2022 are subject to examination by tax authorities, generally for three years after they were filed.

Southern Tier Independence Center, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects STIC's financial assets as of the statement of financial position date, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 12,361,493	\$ 6,223,072
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 12,361,493	\$ 6,223,072

STIC generally maintains and keeps available all financial assets to meet its operating expenses as they become due. STIC has a \$1,000,000 line of credit available to meet cash flow needs.

3. UNCONDITIONAL PROMISES TO GIVE, NET

STIC's programs are funded by contracts with various federal, state and local funding sources. Contributions are not discounted using present value as they are expected to be collected in less than one year.

Unconditional promises to give are expected to be received in the following periods as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 1,431,534	\$ 1,446,550
Receivable in one to five years	-	-
Total Unconditional Promises to Give	1,431,534	1,446,550
Less: Discount to Present Value	-	-
Less: Allowance for Uncollectible		
Unconditional Promises to Give	-	-
Net Unconditional Promises to Give	1,431,534	1,446,550
Less: Unconditional Promises to Give – Current, Net	1,431,534	1,446,550
Unconditional Promises to Give – Long-Term, Net	\$ -	\$ -

STIC had conditional promises to give in the amounts of \$2,271,472 and \$2,060,043 at December 31, 2023 and 2022, respectively, for cost reimbursement contracts through various federal, state, and local funding sources.

Southern Tier Independence Center, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

4. LINE OF CREDIT

STIC has a \$1,000,000 line of credit with Tioga State Bank. The interest rate on the line was 8.5% at December 31, 2023. The line of credit expires July 2026 and is secured by a first security interest in all assets of STIC, including but not limited to accounts receivable, inventory, equipment, and general intangibles. There was no amount outstanding at December 31, 2023 and 2022.

The line of credit with Tioga State Bank requires STIC to comply with the following financial covenants:

- a) Minimum debt service coverage ratio \geq 1.2
- b) Current ratio of 1:1

STIC was in compliance with these covenants as of December 31, 2023 and 2022.

5. LONG-TERM DEBT

STIC's long-term debt consists of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Mortgage payable to Tioga State Bank in monthly installments of approximately \$6,929, including interest at 5.21%, maturing in March 2028, secured by property.	\$ 315,718	\$ 379,918
Total	315,718	379,918
Less current installments	<u>69,298</u>	<u>64,831</u>
Long-Term Debt, Net of Current Installments	<u>\$ 246,420</u>	<u>\$ 315,087</u>

Long-term debt is payable in each of the next five years and thereafter as follows:

2024	\$ 69,298
2025	74,202
2026	79,387
2027	84,934
2028	7,897

6. RETIREMENT PLAN

STIC has established a tax-deferred annuity retirement plan for the benefit of its employees as described in Section 403(b) of the Internal Revenue Code (IRC). Each employee is permitted to contribute up to the maximum amount allowed by the IRC. There were no employer contributions for the years ended December 31, 2023 and 2022.

7. EMPLOYEE RETENTION CREDITS

Refundable Employer Retention Tax Credits (“ERTC”) established by the Coronavirus Aid, Relief, and Economic Security Act were claimed by STIC’s management on amended payroll tax filings and based on eligible employee wages. At December 31, 2023 and 2022, ERTC revenue was received in the amount of \$6,095,790 and \$-0- and is included in other revenue in the schedule of program support and revenue by program.

8. COMMITMENTS AND CONTINGENCIES

STIC has received grants that are subject to audit by its funding sources. Such audits may result in disallowances and a request for a return of funds, and changes, if any, are recognized in the year known. Based on prior history, STIC administration believes that disallowances, if any, would be immaterial.

9. CONCENTRATION OF CREDIT RISK

STIC maintains its cash balances in financial institutions located in Binghamton, New York. Accounts at these institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times during the years ended December 31, 2023 and 2022, STIC had bank deposits in excess of amounts insured by the FDIC.

10. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2023, STIC adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended which modifies the measurement of expected credit losses on certain financial instruments. STIC adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by STIC that are subject to ASU 2016-13 include trade accounts receivable. The adoption of this ASU did not have a material impact on STIC’s financial statements but did change how the allowance for credit losses is determined.

11. EVALUATION OF SUBSEQUENT EVENTS

STIC has evaluated subsequent events through May 16, 2024, the date which the financial statements were available to be issued.

Southern Tier Independence Center, Inc.
Schedule of Program Support and Revenue By Program
For the Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

	<u>OPWDD</u>												
	<u>HCBS</u>	<u>HCBS Supported Employment</u>	<u>ISS and FSS Contracts</u>	<u>FI Self Directed</u>	<u>Total OPWDD</u>	<u>Other Supported Employment</u>	<u>CDPAS Services</u>	<u>NYSED and Other Services</u>	<u>NYS DOH</u>	<u>Fund- raising</u>	<u>Management and General</u>	<u>2023 Total</u>	<u>2022 Total</u>
Program Support and Revenue													
Medicaid	\$ 2,092,271	\$ 151,836	\$ -	\$ 236,302	\$ 2,480,409	\$ -	\$ 2,492,855	\$ -	\$ -	\$ -	\$ -	\$ 4,973,264	\$ 5,824,383
NYSED	-	-	-	-	-	19,634	-	446,371	-	-	-	466,005	472,544
Other federal, state and local contracts	-	-	157,181	36,550	193,731	-	-	1,145,262	2,133,495	-	(2)	3,472,486	3,589,208
Investment income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	1,167,554	78,810	47,458	31,182	1,325,004	26,804	10,225,772	1,148,801	630,789	13,129	-	13,370,299	6,430,110
Total Program Support and Revenue	<u>3,259,825</u>	<u>230,646</u>	<u>204,639</u>	<u>304,034</u>	<u>3,999,144</u>	<u>46,438</u>	<u>12,718,627</u>	<u>2,740,434</u>	<u>2,764,284</u>	<u>13,129</u>	<u>(2)</u>	<u>22,282,054</u>	<u>16,316,245</u>
Nonprogram Support and Revenue													
Contributions	-	-	-	-	-	-	-	15,289	-	98,961	-	114,250	58,149
Interest	-	-	-	-	-	14	724	158,494	1,099	-	-	160,331	6,134
Miscellaneous	-	-	-	-	-	-	-	12,939	-	444	1,397	14,780	10,856
Total Nonprogram Support and Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>724</u>	<u>186,722</u>	<u>1,099</u>	<u>99,405</u>	<u>1,397</u>	<u>289,361</u>	<u>75,139</u>
Total Support and Revenue	<u>3,259,825</u>	<u>230,646</u>	<u>204,639</u>	<u>304,034</u>	<u>3,999,144</u>	<u>46,452</u>	<u>12,719,351</u>	<u>2,927,156</u>	<u>2,765,383</u>	<u>112,534</u>	<u>1,395</u>	<u>22,571,415</u>	<u>16,391,384</u>
Total Functional Expenses	<u>2,179,056</u>	<u>149,132</u>	<u>156,398</u>	<u>272,640</u>	<u>2,757,226</u>	<u>53,675</u>	<u>9,338,049</u>	<u>2,269,101</u>	<u>2,172,068</u>	<u>78,877</u>	<u>-</u>	<u>16,668,996</u>	<u>16,274,998</u>
Change in Net Assets	<u>\$ 1,080,769</u>	<u>\$ 81,514</u>	<u>\$ 48,241</u>	<u>\$ 31,394</u>	<u>\$ 1,210,524</u>	<u>\$ (7,223)</u>	<u>\$ 3,381,302</u>	<u>\$ 658,055</u>	<u>\$ 593,315</u>	<u>\$ 33,657</u>	<u>\$ 1,395</u>	<u>\$ 5,902,419</u>	<u>\$ 116,386</u>

Southern Tier Independence Center, Inc.
Schedule of Functional Expenses By Program
For the Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

	<u>OPWDD</u>					Other Supported Employment	CDPAS Services	NYSED and Other Services	NYS DOH	Fund- raising	Management and General	2023 Total	2022 Total
	HCBS	HCBS Supported Employment	ISS and FSS Contracts	FI Self Directed	Total OPWDD								
Functional Expenses													
Salaries and wages	\$ 1,386,593	\$ 93,679	\$ 88,261	\$ 120,357	\$ 1,688,890	\$ 31,779	\$ 6,988,485	\$ 1,146,662	\$ 1,151,533	\$ 49,319	\$ 886,020	\$ 11,942,688	\$ 11,956,140
Payroll taxes/fringe benefits	351,816	28,783	21,548	23,714	425,861	11,246	1,040,514	252,757	308,508	9,655	213,113	2,261,654	2,372,769
Purchased services	117,000	6,824	3,768	7,928	135,520	2,188	407,080	54,461	411,181	1,675	87,462	1,099,567	703,310
Consultants/presenters	-	-	-	-	-	-	-	-	-	-	-	-	25
Supplies	2,896	217	260	97	3,470	103	4,109	12,904	4,893	122	9,341	34,942	24,481
Equipment	147	8	8	4	167	3	2,096	77,843	12,682	5	2,236	95,032	125,474
Telephone	12,230	783	553	341	13,907	265	22,133	9,284	16,470	196	8,051	70,306	69,510
Postage and shipping	1,368	108	103	155	1,734	1	3,722	5,300	1,961	6	3,139	15,863	11,531
Occupancy													
Rent/utilities	5,497	748	934	434	7,613	603	2,466	12,271	38,848	5,157	22,871	89,829	102,300
Repairs/maintenance	431	25	25	10	491	8	2,394	15,531	219	15	175	18,833	22,460
Printing/publications	-	-	-	-	-	-	-	472	-	-	-	472	-
Staff travel	100,224	3,589	1,803	-	105,616	1,397	2,878	14,168	11,033	-	1,862	136,954	128,875
Depreciation	-	-	-	-	-	-	-	-	-	-	142,195	142,195	138,868
Interest	-	-	-	-	-	-	-	-	-	-	18,954	18,954	21,803
Interpreters	-	-	-	-	-	610	100	398,046	90	-	-	398,846	346,948
Insurance	5,912	638	809	382	7,741	593	8,647	10,602	7,543	5,358	32,462	72,946	65,464
Memberships/applications	10	-	-	-	10	-	9,789	160	-	-	11,179	21,138	19,937
MWBE	989	280	3,972	121	5,362	96	4,850	18,445	13,425	170	3,834	46,182	48,855
Bad debt expense	-	-	-	-	-	-	10,000	-	-	-	-	10,000	-
Miscellaneous	833	234	20,494	94,935	116,496	26	1,240	39,105	1,191	209	34,328	192,595	116,248
Total	<u>1,985,946</u>	<u>135,916</u>	<u>142,538</u>	<u>248,478</u>	<u>2,512,878</u>	<u>48,918</u>	<u>8,510,503</u>	<u>2,068,011</u>	<u>1,979,577</u>	<u>71,887</u>	<u>1,477,222</u>	<u>16,668,996</u>	<u>16,274,998</u>
Management and General Allocation	193,110	13,216	13,860	24,162	244,348	4,757	827,546	201,090	192,491	6,990	(1,477,222)	-	-
Total Functional Expenses	<u>\$ 2,179,056</u>	<u>\$ 149,132</u>	<u>\$ 156,398</u>	<u>\$ 272,640</u>	<u>\$ 2,757,226</u>	<u>\$ 53,675</u>	<u>\$ 9,338,049</u>	<u>\$ 2,269,101</u>	<u>\$ 2,172,068</u>	<u>\$ 78,877</u>	<u>\$ -</u>	<u>\$ 16,668,996</u>	<u>\$ 16,274,998</u>

Southern Tier Independence Center, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:		
Pass through the New York State Department of Health Office of Health Insurance Programs Division of Long-Term Care:		
Medical Assistance Program - NHTD Contract	93.778	186,766
Medical Assistance Program - TBI Contract	93.778	196,754
Pass through the New York State Department of Health New York Health Benefit Exchange:		
Medical Assistance Program - Navigator Contract	93.778	329,530
Children Health Insurance Program	93.767	24,426
Department of Education:		
Pass through programs through the New York State Education Department:		
State Grants for Assistive Technology	84.126A	29,551
Independent Living - State Grants	84.169	139,713
Early Childhood Face Center	84.173A	155,005
School Age Face Center	84.027A	161,373
Total Expenditures of Federal Awards		<u>\$ 1,223,118</u>

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Southern Tier Independence Center, Inc. (STIC) is a not-for-profit organization. All federal grant operations of STIC are included in the scope of the single audit.

The Schedule of Expenditures of Federal Awards (the Schedule) has been prepared for the period January 1, 2023 through December 31, 2023. This period corresponds with the fiscal year of STIC.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Also, because the Schedule presents only a selected portion of the operations of STIC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of STIC.

Basis of Accounting

The accompanying Schedule was prepared on the accrual basis of accounting.

The amounts reported as federal expenditures in the Schedule represent the expenditure of federal funds. The non-federal share of expenditures, if any, is excluded from the Schedule.

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. Southern Tier Independence Center, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

To the Board of Directors of
Southern Tier Independence Center, 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, the financial statements of Southern Tier Independence Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 May 16, 2024.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern Tier Independence Center, Inc.'s 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 Southern Tier Independence Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Tier Independence Center, Inc.'s internal control.

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

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

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Tier Independence Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern Tier Independence Center, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bryans & Gramuglia CPAs, LLC

Albany, New York

May 16, 2024



**Independent Auditors' Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Southern Tier Independence Center, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southern Tier Independence Center, Inc.'s 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 Southern Tier Independence Center, Inc.'s major federal programs for the year ended December 31, 2023. Southern Tier Independence Center, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southern Tier Independence Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Southern Tier Independence Center, Inc. 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 each major federal program. Our audit does not provide a legal determination of Southern Tier Independence Center, Inc.'s 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 Southern Tier Independence Center, Inc.'s 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 Southern Tier Independence Center, Inc.'s 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 generally accepted auditing standards, *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 Southern Tier Independence Center, Inc.'s compliance with the requirements of each major federal program as whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Southern Tier Independence Center, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southern Tier Independence Center, Inc.'s 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 Southern Tier Independence Center, Inc.'s 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.

Report on Internal Control Over Compliance (continued)

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.

Bryans & Gramuglia CPAs, LLC

Albany, New York

May 16, 2024

Southern Tier Independence Center, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

A. Summary of Auditors Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Southern Tier Independence Center, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies were identified during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Southern Tier Independence Center, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported during the audit. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Southern Tier Independence Center, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:

<u>Title/Description</u>	<u>Assistance Listing Number</u>
Medical Assistance Program – Navigator Contract	93.778
Medical Assistance Program – NHTD Contract	93.778
Medical Assistance Program – TBI Contract	93.778

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Southern Tier Independence Center, Inc. was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None