

**THE CENTER FOR RAPID RECOVERY, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Center for Rapid Recovery, Inc.

### Opinion

We have audited the accompanying financial statements of The Center for Rapid Recovery, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for Rapid Recovery, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 The Center for Rapid Recovery, Inc. and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 The Center for Rapid Recovery, 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 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 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 financial statements.

In performing an audit in accordance with generally accepted 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 The Center for Rapid Recovery, 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 The Center for Rapid Recovery, 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.

A handwritten signature in blue ink that reads "Satty, Levine & Ciacco CPAs PC". The signature is written in a cursive, flowing style.

Satty, Levine & Ciacco, CPAs, P.C.

Melville, New York

June 11, 2024

**THE CENTER FOR RAPID RECOVERY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

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**ASSETS:**

Cash and cash equivalents	\$	25,320
Restricted cash and cash equivalents		66,379
Accounts receivable, net		164,349
Due from government agency		369,989
Prepaid expenses and other assets		121,269
Property and equipment, net		<u>1,933,281</u>
TOTAL ASSETS	\$	<u><u>2,680,587</u></u>

**LIABILITIES AND NET ASSETS:**

Accounts payable and accrued expenses	\$	127,521
Accrued salaries payable and related liabilities		121,026
Refundable advance		300,000
Short-term loans payable		88,160
Mortgage and bond payable, net of closing costs		<u>670,452</u>
TOTAL LIABILITIES		<u>1,307,159</u>

**NET ASSETS:**

Without donor restrictions		<u>1,373,428</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,680,587</u></u>

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

**THE CENTER FOR RAPID RECOVERY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<b>WITHOUT DONOR RESTRICTIONS</b>
<b>OPERATING SUPPORT AND REVENUE:</b>	
Medicaid	\$ 2,154,096
Government grants	292,094
SSI, SSA and OASAS fees	118,541
Other support	35,841
	<hr/>
TOTAL OPERATING SUPPORT AND REVENUE	2,600,572 <hr/>
<b>EXPENSES:</b>	
Program services	2,476,018
Management and general	756,357
	<hr/>
TOTAL OPERATING EXPENSES	3,232,375 <hr/>
CHANGE IN NET ASSETS FROM OPERATIONS	<hr/> (631,803) <hr/>
<b>NONOPERATING ACTIVITIES:</b>	
Employee retention credit	685,211
	<hr/>
CHANGE IN NET ASSETS	53,408 <hr/>
<b>NET ASSETS:</b>	
Beginning of year	1,320,020 <hr/>
End of year	\$ 1,373,428 <hr/> <hr/>

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

**THE CENTER FOR RAPID RECOVERY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	PROGRAM SERVICES				SUPPORT SERVICES		
	INDIVIDUAL RESIDENTIAL ALTERNATIVE	DAY HABILITATION	OASAS 822 CLINIC	OTHER	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	TOTAL EXPENSES
<b>PERSONNEL EXPENSES:</b>							
Salaries	\$ 748,789	\$ 256,886	\$ 166,546	\$ 410,396	\$ 1,582,617	\$ 315,000	\$ 1,897,617
Payroll taxes and employee benefits	143,701	49,299	31,962	78,761	303,723	60,453	364,176
TOTAL PERSONNEL EXPENSES	892,490	306,185	198,508	489,157	1,886,340	375,453	2,261,793
<b>OTHER EXPENSES:</b>							
Food	37,045	4,798	-	2,125	43,968	-	43,968
Repairs and maintenance	53,765	24,573	10,090	1,006	89,434	23,518	112,952
Utilities	18,563	17,514	-	5,337	41,414	9,752	51,166
Transportation and travel	1,386	10,558	-	370	12,314	4,220	16,534
Staff development	432	-	597	-	1,029	529	1,558
Contract services	-	-	-	3,691	3,691	-	3,691
Office supplies	8,016	3,765	4,645	1,736	18,162	17,092	35,254
Program supplies	13,703	2,993	2,726	2,734	22,156	770	22,926
Telephone	10,927	5,174	4,300	4,124	24,525	25,378	49,903
Insurance	25,949	18,919	3,325	3,220	51,413	6,348	57,761
Advertising	-	-	-	-	-	2,005	2,005
Professional fees	-	-	-	-	-	67,513	67,513
Payroll processing fees	18,665	9,332	9,332	15,539	52,868	9,529	62,397
Rent and equipment rental	-	-	-	-	-	33,631	33,631
Interest expense	-	-	-	12,933	12,933	109,556	122,489
Bad debt expense	-	-	65,082	80,745	145,827	-	145,827
Miscellaneous	1,203	1,483	-	13,630	16,316	6,669	22,985
TOTAL OTHER EXPENSES	189,654	99,109	100,097	154,618	543,478	316,510	859,988
Depreciation and amortization expense	33,871	7,514	3,030	1,785	46,200	64,394	110,594
<b>TOTAL EXPENSES</b>	<b>\$ 1,116,015</b>	<b>\$ 412,808</b>	<b>\$ 301,635</b>	<b>\$ 645,560</b>	<b>\$ 2,476,018</b>	<b>\$ 756,357</b>	<b>\$ 3,232,375</b>

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

**THE CENTER FOR RAPID RECOVERY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 53,408
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**Adjustments to reconcile change in net assets to net cash from operating activities:**

Depreciation and amortization expense	110,594
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Allowance for doubtful accounts	141,244
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**(Increase) decrease in:**

Accounts receivable, net	(23,214)
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Prepaid expenses and other assets	(9,163)
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**Increase (decrease) in:**

Accounts payable and accrued expenses	(217,552)
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Accrued salaries payable and related liabilities	24,340
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Deferred income	164,997
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TOTAL ADJUSTMENTS	191,246
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NET CASH FROM OPERATING ACTIVITIES	244,654
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of fixed assets	(46,922)
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NET CASH FROM INVESTING ACTIVITIES	(46,922)
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**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from short-term debt	96,750
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Principal payments on short-term debt	(152,581)
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Principal payments on long-term debt	(96,897)
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NET CASH FROM FINANCING ACTIVITIES	(152,728)
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CHANGE IN CASH AND RESTRICTED CASH	45,004
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**CASH AND RESTRICTED CASH:**

BEGINNING OF YEAR	46,695
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END OF YEAR	\$ 91,699
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**SUPPLEMENTAL DISCLOSURES:**

Cash paid during the year for interest	\$ 122,489
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The accompanying notes are an integral part of these financial statements.



**NOTE 1. ORGANIZATION AND BASIS OF ACCOUNTING AND PRESENTATION**

**A. ORGANIZATION**

The Center for Rapid Recovery, Inc. (the "Organization") is a multi-focused human services agency dedicated to providing culturally competent care to ethnically diverse populations in the Long Island region. The Organization was established in 1992 and commenced operations on December 9, 1994 in response to the unmet service needs of individuals and families whose world view about health, disease and recovery is culturally determined. The Organization's mission is to provide culturally competent care to children and their families who are suffering from medical, mental or social trauma. The primary sources of revenue are Medicaid and the New York State Office of People with Developmental Disabilities. Major programs operated by the Organization are as follows:

***Individualized Residential Alternative (IRA)*** - Supervised activities are provided within a certified group residence with 24 hour staffing and support. Activities are formulated to stress individual abilities as well as to provide assistance training in core areas of life including: training in personal care, development in recreation, socialization, medication maintenance, and community integration.

***Day Habilitation Program for Persons with Developmental Disabilities*** - Day Habilitation Services focus on the participant's choice and preferences. Emphasis is on attaining satisfying and rewarding relationships within the community. The program provides an opportunity for persons with developmental disabilities to develop prevocational and social skill training.

***OASAS 822 Clinic*** - The over-arching goal of the outpatient chemical dependency program is to provide culturally and linguistically competent treatment in a manner compatible with the clients' cultural beliefs, practices and language. The primary objective is the promotion and maintenance of abstinence from alcohol and other mood-altering drugs.

***Community Habilitation Program*** - Residential Habilitation services are those that enhance skills necessary to perform activities that continuously occur in an individual's home. Habilitation services are directed toward acquiring, and improving the self-help, socialization and adaptive skills necessary to reside successfully at home and in community-based settings.

**B. BASIS OF ACCOUNTING**

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**C. BASIS OF PRESENTATION**

The financial statements of The Center for Rapid Recovery, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require The Center for Rapid Recovery, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**THE CENTER FOR RAPID RECOVERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 1. ORGANIZATION AND BASIS OF ACCOUNTING AND PRESENTATION (continued)**

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**D. MEASUREMENT OF OPERATIONS**

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Center for Rapid Recovery, Inc.'s ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. CASH AND CASH EQUIVALENTS**

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**B. ACCOUNTS RECEIVABLE**

Accounts receivable are stated at the amount the Organization expects to collect from the various state and local governments.

**C. PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost or at their estimated fair value if donated. Costs in excess of \$5,000 and the value of donated property and equipment are capitalized. Depreciation is provided on the straight-line method over the estimated useful life of the asset. The estimated useful lives of assets are as follows:

Building and improvements	20-40 years
Furniture, fixtures and equipment	3-10 years

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**THE CENTER FOR RAPID RECOVERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. REVENUE AND REVENUE RECOGNITION**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization records Medicaid revenue based on established rates multiplied by the number of units of service provided. The federal and state grants and contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**E. USE OF ESTIMATES**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

**F. FUNCTIONAL EXPENSE ALLOCATION**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Repairs and maintenance	Square footage
Depreciation	Square footage
Interest	Square footage
Transportation and travel	Full time equivalents
Other	Full time equivalent, square footage or time and effort

**THE CENTER FOR RAPID RECOVERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. INCOME TAXES**

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Contributions to it are tax deductible within the limitations prescribed by the code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years 2023, 2022, 2021 and 2020 are subject to examination by the IRS, generally for 3 years after they were filed. The Organization has concluded that there are no material uncertain tax liabilities to be recognized at this time.

**NOTE 3. AVAILABILITY AND LIQUIDITY**

The following represents The Center for Rapid Recovery, Inc.'s financial assets at December 31, 2023:

Financial assets at year end:	
Cash and cash equivalents	\$ 25,320
Accounts receivable	164,349
Total financial assets	<u>189,669</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 189,669</u>

The Organization's goal is generally to maintain financial assets to meet the general operating expenses.

**NOTE 4. RESTRICTED CASH AND CASH EQUIVALENTS**

The cash held in the escrow accounts is restricted for the purposes of debt service and construction under the agreement with the Nassau County Industrial Development Agency ("NCIDA") and repair reserve under the agreement with the Community Preservation Corporation. The funds can only be utilized with the consent of the NCIDA and Community Preservation Corporation.

Restricted cash and cash equivalents at December 31, 2023 consisted of the following:

Nassau County Industrial Development Agency	\$ 33,519
Community Preservation Corporation	<u>32,860</u>
Total restricted cash and cash equivalents	<u>\$ 66,379</u>

**THE CENTER FOR RAPID RECOVERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 5. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2023 consisted of the following:

Land	\$	303,333
Building and improvements		3,269,161
Furniture, fixtures and equipment		<u>392,758</u>
Property and equipment (at cost)		3,965,252
Less: Accumulated depreciation		<u>(2,031,971)</u>
Property and equipment (net)	\$	<u><u>1,933,281</u></u>

Depreciation expense for the year ended December 31, 2023 was \$117,245.

**NOTE 6. SHORT-TERM AND LONG-TERM DEBT**

Mortgage payable to the Community Preservation Corporation ("CPC") secured by the properties located at 312 and 330 Greenwich Street, Hempstead, N.Y. 11550, payable in monthly installments of principal and interest of \$9,107. The mortgage bears interest at 5.46% and matures in 2028.

\$ 474,012

Mortgage payable to TD Bank secured by the property located at 324 Greenwich Street, Hempstead, NY 11550. The mortgage is payable in monthly installments of principal and interest of \$2,123, bears interest at 4.99% and matures in 2036.

249,595

TOTAL LONG-TERM DEBT

\$ 723,607

Current maturities on all long-term debt are as follows:

<u>December 31,</u>	
2024	99,105
2025	104,585
2026	110,370
2027	116,473
2028	119,727
Thereafter	<u>173,347</u>
	723,607
Less: Closing and issuance costs	<u>(53,155)</u>
	<u><u>\$ 670,452</u></u>

In November 2023, the Organization entered into an agreement with an institution to borrow a short-term loan of \$100,000. The short-term loan bears an interest rate of approximately 10%. The Organization is required to make weekly principal and interest payments of \$2,368, and the loan is scheduled to mature in November 2024. As of December 31, 2023, the outstanding amount under this short term loan was \$88,160.

**THE CENTER FOR RAPID RECOVERY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE 7. DUE FROM GOVERNMENT AGENCY**

In April 2019, the Department of Health issued a letter of balance due to the provider for \$369,989 regarding the Medicaid liability related to the Day Habilitation property error and subsequent rate adjustment. The reimbursement balance due to the provider is to correct an error of its property reimbursement for the period from January 1, 2015 to June 30, 2017. Based on the letter, the correction and the amount of capital reimbursement due for the Day Habilitation site located at 330 Greenwich Street will be made over a period of seven years and five months. At December 31, 2023, the due from government agency balance is \$369,989.

**NOTE 8. OPERATING LEASE**

The Organization had an operating lease for equipment which expired in 2021 and currently is under month to month. Rental expense for the equipment was approximately \$12,000 for the year ended December 31, 2023.

**NOTE 9. CONCENTRATION OF CREDIT RISK**

The Organization maintains all of its cash and cash equivalents in high credit quality financial institutions. Accounts at the institutions are insured by the Federal Depository Insurance Corporation ("FDIC"). The FDIC insured limit for the year ended December 31, 2023 was \$250,000. At December 31, 2023, the Organization did not have assets that were in excess of the insured limits.

The Organization's revenues and accounts receivable are primarily from agencies of New York State. Most patients are primarily from Long Island.

**NOTE 10. COMMITMENTS AND CONTINGENCIES**

Cost reimbursements from governmental funding sources are based on prescribed reimbursement methodology and may be subject to adjustments by governmental agencies.

Management has capitalized property and equipment purchased under certain grant agreements, in which the resource provider retains legal title, because it is probable that the Organization will be permitted to keep the assets at the conclusion of the grant agreement.

In the ordinary course of operations, claims have been filed or are pending against the Organization. In the opinion of management, all such matters are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of activities of the Organization if disposed of unfavorably.

**NOTE 11. SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions that occurred through June 11, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.