

NASSAU COUNTY NEW YORK

Nassau County Living Wage Law Compliance Review of Horizon Hearts, Inc.

June 2024



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Nassau County Comptroller

AUDIT OBJECTIVE AND BACKGROUND

This audit was conducted to determine whether Horizon Hearts, Inc. complied with the provisions of the Nassau County Living Wage Law during the audit period of January 1, 2021 through December 31, 2022.

The Living Wage Law requires businesses: (1) with a County contract of \$25,000 or more per year, or (2) who receives more than \$50,000 in financial assistance from the County in the form of a grant, loan, tax incentive or subsidy, or (3) who operate on property owned or controlled by the County under a lease or other agreement, to:

- **Pay employees an hourly wage that is no less than the Law’s living wage rate.** This rate, which was established in 2007 at \$9.50 per hour, increases each year on August 1st based on the New York metropolitan area Consumer Price Index, with a maximum increase of 3.5% per year. During the audit period the living wage rate was: \$14.69 (from January 2021 through July 2021), \$15.20 (from August 2021 through July 2022), and \$15.73 (from August 2022 through December 31, 2022).
- **Pay employees who are not provided health insurance an hourly health benefit supplement.** This rate, which was initially established in 2007 at \$1.50 per hour, increases each year on August 1st based on the New York metropolitan area medical care Consumer Price Index. During the audit period the supplement rate was \$2.37 (from January 2021 through July 2022) and \$2.53 (from August 2022 through December 2022).
- **Provide employees with a minimum number of compensated days off.** This minimum is no fewer than 12 paid days off per year for sick leave, vacation, or personal reasons.

Horizon Hearts, Inc.

Horizon Hearts, Inc. is a non-profit organization contracted by Nassau County to provide emergency shelter to County residents.

Horizon Hearts, Inc. has two locations in Hempstead, New York, that provide emergency shelter and related services to adults and families.

100% of Horizon Hearts, Inc.’s revenue during the audit period was from Nassau County.

FINDINGS SUMMARY

Horizon Hearts, Inc., during the audited period of January 1, 2021 through December 31, 2022:

- Paid at an hourly wage rate that was higher than the living wage rate.
- Did not pay all eligible employees the required hourly health benefit supplement. Underpayment of \$3,724 in total is owed to 26 employees.
- Did not provide the required minimum number of compensated days off. A combined 42 employees are owed additional compensated days off or a total amount of \$28,309 in pay.
- Did not maintain adequate time accrual and time usage records.

Table of Contents

Audit Findings	1
Finding 1 – Horizon Hearts, Inc. Underpaid the Required Hourly Health Benefit Supplement	1
Finding 2 – Horizon Hearts, Inc. Did Not Provide Employees with the Required Number of Compensated Days Off and Failed to Maintain Adequate Time Accrual and Time Usage Records	1
Recommendations	2
Appendices	3
Appendix A – Underpayments and Amounts Owed Details	3
Appendix B – Audit Methodology	4
Appendix C – Auditee’s Response	5
Contributors to the Report	6

Audit Findings

Finding 1

Horizon Hearts, Inc. Underpaid the Required Hourly Health Benefit Supplement

The Living Wage Law requires employers to: (1) pay employees an hourly wage that is no less than the Law’s living wage rate, and (2) pay employees who are not provided health insurance an hourly health benefit supplement. Horizon Hearts, Inc. paid employees an hourly wage rate that was higher than the living wage rate required, but they did not pay the required hourly health benefit supplement. This impacted 26 employees in 2021 and 2022, combined. Auditors credited the hourly rate paid to employees in excess of the living wage rate toward the unpaid health benefits supplement. This netted to an underpayment of the hourly health benefits supplement. The total amount of underpayment owed to these employees was \$3,724 (see chart below).

Health Benefits Hourly Supplement Underpayments		
Year	Number of Employees	Amounts Underpaid
2021	25	\$3,693
2022	1	\$31
Total	26	\$3,724

(a complete list of underpayments for each employee can be found in Appendix A)

Finding 2

Horizon Hearts, Inc. Did Not Provide Employees with the Required Number of Compensated Days Off and Failed to Maintain Adequate Time Accrual and Time Usage Records

The Living Wage Law requires employers to provide employees with a minimum number of compensated days off. Horizon Hearts, Inc. did not provide the minimum number of compensated days off to 42 employees in 2021 and 2022, combined. These employees are owed additional compensated days off or a total amount of \$28,309 in compensation pay for these days (see chart below).

Compensated Days Off Owed				
Year	Number of Days	Living Wage Owed	Health Benefit Supplement Owed	Total
2021	111	\$14,331	\$1,817	\$16,148
2022	83	\$10,692	\$1,469	\$12,161
Total	194	\$25,023	\$3,286	\$28,309

(a complete list of the amounts owed to employees can be found in Appendix A)

Horizon Hearts, Inc. also did not accurately document time accrual and time usage to ensure that employees receive compensated days off in accordance with the Living Wage Law.

Recommendations

Horizon Hearts, Inc. should:

- **Pay the \$3,724 owed to employees for underpayment of the Living Wage Law hourly health benefit supplement.**
- **Provide additional compensatory time or \$28,309 in compensation pay to the employees who did not receive the Living Wage Law's required number of compensated days off.**
- **Implement an employee time off accrual process that properly documents employees compensated leave time accrual and usage, and grants compensated time off in compliance with the Living Wage Law.**

APPENDIX A – Underpayments and Amounts Owed Details

Employee	2021 Health Benefit Hourly Supplement Underpayments		2022 Health Benefit Hourly Supplement Underpayments		2021 Compensated Days Off Owed				2022 Compensated Days Off Owed				Total Underpayments and Days Owed
	Days	Amount	Days	Amount	Days	Living Wage Amount 2021	Health Benefit Supplement Amount	Total	Days	Living Wage Amount	Health Benefit Supplement Amount	Total	
1	0.00	\$ -	0.00	\$ -	4.65	\$ 599.66	\$ -	\$ 599.66	0.00	\$ -	\$ -	\$ -	\$ 599.66
2	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.36	\$ 46.43	\$ 7.29	\$ 53.71	\$ 53.71
3	14.88	\$ 67.83	0.00	\$ -	1.43	\$ 184.41	\$ 28.94	\$ 213.36	0.02	\$ 2.58	\$ 0.40	\$ 2.98	\$ 284.17
4	9.63	\$ 4.62	0.00	\$ -	0.44	\$ 56.74	\$ 8.91	\$ 65.65	0.00	\$ -	\$ -	\$ -	\$ 70.27
5	82.13	\$ 39.42	0.00	\$ -	3.79	\$ 488.76	\$ 76.71	\$ 565.47	0.00	\$ -	\$ -	\$ -	\$ 604.89
6	199.00	\$ 369.34	0.00	\$ -	0.00	\$ -	\$ -	\$ -	4.51	\$ 581.61	\$ 91.28	\$ 672.89	\$ 1,042.23
7	100.00	\$ 48.00	0.00	\$ -	11.95	\$ 1,541.07	\$ 241.87	\$ 1,782.94	2.00	\$ 257.92	\$ -	\$ 257.92	\$ 2,088.86
8	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.91	\$ 117.35	\$ 18.42	\$ 135.77	\$ 135.77
9	21.00	\$ 42.72	0.00	\$ -	0.78	\$ 100.59	\$ 15.79	\$ 116.38	0.00	\$ -	\$ -	\$ -	\$ 159.10
10	0.00	\$ -	0.00	\$ -	11.24	\$ 1,449.51	\$ -	\$ 1,449.51	6.01	\$ 775.05	\$ -	\$ 775.05	\$ 2,224.56
11	96.63	\$ 46.38	0.00	\$ -	5.11	\$ 658.99	\$ 103.43	\$ 762.41	5.62	\$ 724.76	\$ 113.75	\$ 838.50	\$ 1,647.30
12	120.63	\$ 57.90	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ 57.90
13	158.00	\$ 206.43	0.00	\$ -	8.20	\$ 1,057.47	\$ 165.97	\$ 1,223.44	10.84	\$ 1,397.93	\$ 219.40	\$ 1,617.33	\$ 3,047.20
14	187.00	\$ 376.59	0.00	\$ -	8.39	\$ 1,081.97	\$ 169.81	\$ 1,251.79	0.00	\$ -	\$ -	\$ -	\$ 1,628.38
15	75.00	\$ 288.39	0.00	\$ -	4.04	\$ 521.00	\$ 81.77	\$ 602.77	0.00	\$ -	\$ -	\$ -	\$ 891.16
16	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	2.07	\$ 266.95	\$ 41.90	\$ 308.84	\$ 308.84
17	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	6.22	\$ 802.13	\$ 125.89	\$ 928.02	\$ 928.02
18	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	7.39	\$ 953.01	\$ 149.57	\$ 1,102.59	\$ 1,102.59
19	101.00	\$ 334.49	0.00	\$ -	4.54	\$ 585.48	\$ 91.89	\$ 677.37	0.00	\$ -	\$ -	\$ -	\$ 1,011.86
20	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	3.32	\$ 428.15	\$ 67.20	\$ 495.34	\$ 495.34
21	150.00	\$ 357.72	0.00	\$ -	5.58	\$ 719.60	\$ 112.94	\$ 832.54	1.52	\$ 196.02	\$ 30.76	\$ 226.78	\$ 1,417.04
22	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.28	\$ 36.11	\$ 5.67	\$ 41.78	\$ 41.78
23	64.00	\$ 51.12	0.00	\$ -	2.72	\$ 350.77	\$ 55.05	\$ 405.82	0.00	\$ -	\$ -	\$ -	\$ 456.94
24	136.88	\$ 65.70	0.00	\$ -	3.18	\$ 410.09	\$ 64.36	\$ 474.46	0.00	\$ -	\$ -	\$ -	\$ 540.16
25	47.00	\$ 93.60	6.88	\$ 31.35	0.00	\$ -	\$ -	\$ -	0.00	\$ -	\$ -	\$ -	\$ 124.95
26	183.00	\$ 197.88	0.00	\$ -	8.16	\$ 1,052.31	\$ 165.16	\$ 1,217.47	0.00	\$ -	\$ -	\$ -	\$ 1,415.35
27	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.66	\$ 85.11	\$ 13.36	\$ 98.47	\$ 98.47
28	45.97	\$ 22.07	0.00	\$ -	1.97	\$ 254.05	\$ 39.87	\$ 293.92	0.00	\$ -	\$ -	\$ -	\$ 315.99
29	0.00	\$ -	0.00	\$ -	5.46	\$ 704.12	\$ -	\$ 704.12	2.33	\$ 300.48	\$ -	\$ 300.48	\$ 1,004.60
30	31.00	\$ 14.88	0.00	\$ -	1.43	\$ 184.41	\$ 28.94	\$ 213.36	0.00	\$ -	\$ -	\$ -	\$ 228.24
31		\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	6.36	\$ 820.19	\$ 128.73	\$ 948.91	\$ 948.91
32	89.00	\$ 336.48	0.00	\$ -	4.80	\$ 619.01	\$ 97.15	\$ 716.16	0.00	\$ -	\$ -	\$ -	\$ 1,052.64
33	56.00	\$ 194.16	0.00	\$ -	1.75	\$ 225.68	\$ 35.42	\$ 261.10	4.74	\$ 611.27	\$ 95.94	\$ 707.21	\$ 1,162.47
34	0.00	\$ -	0.00	\$ -	0.28	\$ 36.11	\$ 5.67	\$ 41.78	0.00	\$ -	\$ -	\$ -	\$ 41.78
35	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	2.88	\$ 371.40	\$ 58.29	\$ 429.70	\$ 429.70
36	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	8.22	\$ 1,060.05	\$ 166.37	\$ 1,226.42	\$ 1,226.42
37	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.65	\$ 83.82	\$ 13.16	\$ 96.98	\$ 96.98
38	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.52	\$ 67.06	\$ 10.52	\$ 77.58	\$ 77.58
39	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	1.80	\$ 232.13	\$ 36.43	\$ 268.56	\$ 268.56
40	21.00	\$ 78.02	0.00	\$ -	0.68	\$ 87.69	\$ 13.76	\$ 101.46	1.83	\$ 236.00	\$ 37.04	\$ 273.04	\$ 452.51
41	0.00	\$ -	0.00	\$ -	0.00	\$ -	\$ -	\$ -	0.70	\$ 90.27	\$ 14.17	\$ 104.44	\$ 104.44
42	48.00	\$ 218.88	0.00	\$ -	2.09	\$ 269.53	\$ 42.30	\$ 311.83	1.15	\$ 148.30	\$ 23.28	\$ 171.58	\$ 702.29
43	81.06	\$ 38.91	0.00	\$ -	3.70	\$ 477.15	\$ 74.89	\$ 552.04	0.00	\$ -	\$ -	\$ -	\$ 590.95
44	150.00	\$ 141.36	0.00	\$ -	4.77	\$ 615.14	\$ 96.54	\$ 711.68	0.00	\$ -	\$ -	\$ -	\$ 853.04
Total	2,267.81	\$3,692.89	6.88	\$ 31.35	111.13	\$ 14,331.32	\$ 1,817.15	\$ 16,148.47	82.91	\$ 10,692.07	\$ 1,468.82	\$ 12,160.89	\$ 32,033.60

APPENDIX B - Audit Methodology

This audit was conducted in pursuant to the Nassau County Comptroller's authority as set forth in Article IV of the Nassau County Charter and Section 7 of Title 57 of the Miscellaneous Law of Nassau County (Nassau County Living Wage Law).

The objective of this review was to determine whether Horizon Hearts, Inc. was in compliance with the Nassau County Living Wage Law.

To achieve these objectives, our audit procedures included the following:

- Review all employee payroll records for 2021 and 2022 to determine whether the hourly wage rate complied with the Living Wage Law.
- Review employees accrued compensated days off earned and paid for in 2021 and 2022 to determine if there was compliance with the Living Wage Law.
- Review W-2s and NYS-45 quarterly reports for 2021 and 2022 and compare reported wages with employee gross payroll totals per the payroll registers to verify the accuracy and completeness of records used to review compliance with the Living Wage Law.
- Review employee health insurance invoices and waivers.

We believe the evidence obtained provides a reasonable basis for our findings and recommendations.

APPENDIX C –Auditee’s Response

Horizon Hearts, Inc. submitted the below responses on May 15, 2024, after reviewing a draft of these Audit findings and recommendations.

- “Upon thorough review of your audit reports for the years ended December 31, 2021, and December 31, 2022, we have taken decisive action based on your findings and recommendations.

Here are the steps we have implemented:

- A. Effective January 2024, we have increased the minimum wage for our workers to \$21 per hour.
- B. We have transitioned to capturing time and attendance exclusively through the Paychex System, eliminating the use of paper timesheets.
- C. Our organization’s Employee Manual has been comprehensively updated to rectify inconsistencies and provide clarity on employee benefits.
- D. Utilizing the Paychex system, we now accurately capture and accrue employee paid time off (PTO)...

We appreciate your thoroughness and consideration in your audit process.”

- “Employees will be paid and this is Horizon Hearts, Inc.’s final response.”

Contributors to the Report

Executive Team

Jeffrey Schoen - *Deputy Comptroller*

Audit Team

Aurora Scifo, CPA – *Field Audit Director*

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