



**REPORT ON THE
COMPTROLLER'S CONTRACT
AND PAYMENT HALT FOR
THE SAMADHI CENTER, INC.**

**Office of the
Ulster County Comptroller
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ULSTER COUNTY OFFICE OF THE COMPTROLLER

Report on the Comptroller's Contract and Payment Halt for the Samadhi Center, Inc.

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Executive Summary

The Comptroller's Office is presenting this information to the public and elected officials so that there can be a better understanding of why the Comptroller halted payments to and contract approvals for the vendor Samadhi Center, Inc. in January of 2024.

The size of Samadhi Center's contracts with Ulster County grew significantly between 2020 and 2023. Over that same period the size, budget, staffing, and real estate footprint of the organization also saw rapid growth that, from an audit perspective, presents significant risks. The Comptroller's Office stopped payments to and contracts for the Samadhi Center after receiving a copy of Samadhi's 2022 audit that showed a qualified opinion was rendered because of more than \$55,000 in unsubstantiated ATM withdrawals. To resolve issues surrounding the County's ability to procure services from Samadhi Center, the Comptroller's Office undertook an in-depth review that included meeting with the organization, review of their bank statements, and analysis of their governance and financial procedures.

Our review of Samadhi over the last 18 months has identified serious financial and governance risks for taxpayer funds. In addition to the risks presented because of rapid growth and expanded real estate holdings, the Comptroller's Office identified financial and governance issues including a lack of financial policies and procedures along with limited board oversight. Perhaps most concerning was a review of the bank statements for the organization that indicated continued ATM and cash withdrawals as well as Venmo, PayPal, and CashApp payments to clients. Review of the statements also identified potential personal expenses paid through the organization. Finally, discussions with the Samadhi Center, Inc. management, and review of bank statements and Ulster County Disclosure Filings under County Ethics Law show a series of undocumented loans. All these issues lead to concern about potential inappropriate uses of funds and commingling of funds that make it impossible to determine if County funds are being handled appropriately.

Contract Performance Quality Reporting Issues

The Samadhi Center has seen a significant increase in contract responsibilities between 2020 and 2023. Contracts with the County grew from \$119,000 in 2020 to \$797,000 in 2023.

Contracts Between Ulster County and the Samadhi Center, Inc.				
Contract No.	Title	Amount	Expensed	Balance
2023-00000448	Samadhi Center-Treatment for Opioid Use Disorder	\$ 797,000	\$ 213,529	\$ 583,471
2021-00000170	Samadhi Center - Expansion of Services	112,500	108,064	4,436
2021-00000141	Samadhi Center - Access to Technology	1,688	1,688	-
2020-00000513	Samadhi-Peer Care Mgmt Svcs, MOUD linkage & Narcan distribution	45,000	45,000	-
2020-00000363	Samadhi Center - Community Outreach and Recovery Services	48,000	48,000	-
2020-00000143	Samadhi - CRPA Training/Bup Waiver Collaborative Learning/ Forum	26,000	23,340	2,660
	Totals	\$ 1,030,188	\$ 439,621	\$ 590,567

The 2023 outreach services were supported by the new Opioid Settlement Funds revenue stream, which have specific use and reporting requirements. As a result, the Comptroller's Office began a review of the quality of services under contract 2023-448.

As a result of this review, the Comptroller's Office identified two major concerns. The first was that Samadhi submitted an invoice that contained a reimbursement for the purchase of a vehicle where the Kelly Blue Book identified it as a luxury vehicle with a useful life of the vehicle exceeding the life of the one-year contract. In September of 2023 the Comptroller sought clarification of legislative intent from the Ways & Means Committee.¹

[1] Contract 2023-448 did not include a line for vehicle purchase but did include transportation as one of many items, including rent to be made from a \$83,000 budgeted line for nonpersonal services. The County did not have a history of purchasing vehicles for nonprofits and the Comptroller's Office has only been able to identify one other vehicle purchase for an outside entity under contract 2022-558 with Mentor Me which explicitly called for a vehicle purchase using American Rescue Plan Act funds. The County has a pending contract modification that would specifically allow a vehicle purchase; however, the amendment has not been approved under the Comptroller's freeze to Samadhi payments and approvals.

A second concern identified by the Comptroller’s Office during this period was the credentialing information on the Samadhi Center website. The Executive Director was listed as a Substance Abuse Counselor, but the Office of Addiction Supports and Services credentialing website at that time identified his certification as a Certified Alcohol and Substance Abuse Counselor (CASAC) Trainee, not a CASAC which may violate the CASAC Canon, 14 NYCRR §853.13 (13)-(14). More importantly, a CASAC Trainee is barred from providing Clinical or Administrative Supervision. As of the date of this report, Executive Director McNamara is still identified by the state licensing agency as having CASAC Trainee credentials.

Below is a screenshot from the Organization’s website.

DAVID MCNAMARA

Founder, Executive Director

David McNamara is a Recovery coach, Substance Abuse Counselor, filmmaker and Zen practitioner. David is currently completing his certification in Harm Reduction Psychotherapy with Dr. Andrew Tatarsky (one of our advisors and collaborators.) David has worked and volunteered in the recovery field for over 10 years as well as having training in Mindfulness Therapy and meditation. Prior to this he was a filmmaker for over 30 years. After many years into his own recovery he began to see the need for alternatives in the way that we treat addiction and the trauma underlying the addiction. In keeping with the contemporary wisdom for the treatment of addiction, David has spent much of his career investigating how recovery, spirituality and creative expression are integrally related. He began to develop a practice based on his own experience of recovery. Using his Zen meditation experience, DBT training, and Harm Reduction Psychotherapeutic techniques he began a program called Mindfulness Based Recovery. He has implemented this practice into his work at a traditional Drug Treatment center with some very promising results.



Last year David embarked on a documentary film called “Disconnected” (Healing an addicted society). In the making of the film he has found an incredible group of therapists, teachers, mentors and advisors. In many ways meeting and interviewing these authors of the paradigm shift in the way we treat addiction gave birth to this idea and this center.

In my role as Executive Director of Samadhi I will guide the overarching philosophy of treating addiction with compassion, understanding and mindfulness. I will be responsible for finding new therapists and treatments along with experts in their respective fields. Samadhi will be a living, growing entity working together with our research department and staff to continually evolve.

Mr. McNamara presents himself as a Substance Abuse Counselor to the public when he holds no such title, as evidenced by the following credentialing search results from the New York State Office of Addiction Services and Supports:

Office of Addiction Services and Supports

Professional Credentialing ► Credentialing Verification

Search Results

The information furnished at this web site is from the Credentialing Unit’s official database and is updated daily, Monday through Friday. The Credentialing Unit considers this information to be a secure, primary source for credential verification.

Your inquiry resulted in the following:
 For persons with a last name starting with **mcnamara**, a first name starting with **David**, no credential number specified, .

Name	Certificate	Original Date	Expires	City and State
McNamara, David J.	CASAC-34093 Trainee	N/A	10/01/25	Woodstock, NY

Another concern identified in the review of Samadhi contract 2023-448 was reporting of the quality of services delivered. The review found the submitted reporting did not adhere to the contract’s required reporting frequency and lacked consistency from one report to another. Specific inconsistencies included discrepancies between duplicated and unduplicated clients counts, missing demographic data, inconsistencies in reporting periods (monthly versus quarterly), and including outpatient detox client numbers during September and October prior to the program being initiated according to departmental staff.

Samadhi Procurement Process

The Comptroller's Office reviewed the procurement process for the award of contract 2023-448 for the treatment of opioid use and support for treatment and recovery. These services were procured through a request for proposals issued on 11/17/2022 and returnable on 12/16/2022. Twelve vendors responded to the RFP. Best practices surrounding procurement procedures generally recommends awarding the low bidder. However, the "best value" bidder can be awarded based on the quality and efficiency of services and vendor reliability. Ultimately, in early 2023, the winner of RFP-UC22-083 selected was the Samadhi Center, Inc. for \$797,000, which was the highest bidder.

Responses to RFP-UC22-083	
Agency	Amount
Ellenville Regional Hospital	\$ 86,865
Family of Woodstock	\$ 131,781
Initium	\$ 250,000
Institute for Family Health	\$ 239,624
Lexington Center	\$ 500,000
People USA	\$ 216,189
Ready Computing	\$ 363,709
Rockland Independent Living Center dba BRIDGES	\$ 370,000
Ryan House	\$ 250,000
Samadhi	\$ 815,000
Sun River	\$ 275,000
WMC	\$ 233,057

We note that the County just issued RFP-UC25-09 seeking services to provide housing for clients with substance use disorder. Considering vendor reliability and reputation are main factors for determining "best value" the vendor award process should be closely monitored.

Financial Management

Contract 2023-448 required that the Samadhi organization provide their 2022 external audit to the County in July of 2023. The Comptroller's Office requested the 2022 Samadhi audit through the Department of Mental Health on October 2, 2023.

On January 5, 2024, the Comptroller's Office received Samadhi's 2022 audit and immediately issued a memorandum to the County Executive stating that we would no longer approve payments to the organization. The auditors gave the organization's financial statements a qualified opinion because they were unable to obtain sufficient appropriate evidence to substantiate material ATM bank withdrawals. This sort of language in an external audit report is typically indicative of misappropriation of assets. See an excerpt from the audit report below.

Basis for Qualified Opinion

We did not obtain sufficient appropriate audit evidence to support material ATM bank withdrawals. We were unable to obtain sufficient appropriate evidence for these by other auditing procedures.

The full report can be accessed online at the New York State Office of the Attorney General Charities Bureau here:

https://www.charitiesnys.com/RegistrySearch/show_details.jsp?id={DBB1444C-3314-4D97-ACD2-CABF3CEC6E55}

The Management Letter provided to the organization's Board of Directors for the year ended 12/31/2022 indicated that the auditors had identified over \$55,000 of bank ATM withdrawals that could not be supported by the organization. The organization's external auditors are stated that "this situation could lead to questions of fraud and defalcation."

Material Weaknesses

Lack of Supporting Documentation for Bank ATM Withdrawals

During our audit, we found over \$55,000 of bank ATM cash withdrawals had little or no supporting documentation or authorization. This amount is material for the audit and cash being very fungible, we were unable to obtain sufficient and appropriate audit evidence to support an unqualified opinion.

Upon inquiry, we learned that most ATM withdrawals were initiated by the executive director from requests of employees to support the short-term housing and immediate needs of people accessing the Center's programs. Without a reasonable consistent process in place to document the use of this cash, this situation could lead to questions of fraud and defalcation.

As of January 2025, the organization's 2023 audited financial statements are not yet publicly available. We requested from management, and received copies of what management asserted were all the organization's bank statements for 2022 and 2023. We are aware of one small account that we only received statements for through May of 2022, which ended that month with an account balance of \$12.72.

Further, upon review of tax filings from other nonprofits that fund Samadhi, we did not see the transfers into the organization that we expected to see, thus bank accounts may exist that were not shared with the Comptroller's Office.

Transactions Identified from Samadhi Center, Inc. Bank Statements		
2023	Amount	Number of Transactions
ATM Withdrawals	36,087.05	237
Cash App / Paypal / Venmo	60,380.06	359
Cash Withdrawals	96,743.04	38
Total	193,210.15	634

Our review of the provided bank statements showed that more than 40 different individuals received direct electronic payments from the organization. The highest paid individual received \$13,261 in direct electronic payments. The average amount received was \$971. Through discussions with individuals who have received services from or worked within the organization, we understand that these are payments are made directly to individuals struggling with addiction. It is commonly understood that making direct cash payments to individuals struggling with addiction is counterproductive to their recovery.

The organization's external auditors also noted that \$4,020 in bank fees was paid in 2022 because of poor cash management.

Overdraft Fees

During our audit, we noted the Center incurred \$4,020 in overdraft fees. This seems wasteful to us.

It's important for management to know their cash balances and cash flows. Performing monthly bank reconciliations would help.

Our analysis of the provided 2023 bank statements indicated that the organization paid at least \$5,100 in bank fees during the year. We agree with the organization's external auditors that this level of overdraft fees raises serious concerns about financial mismanagement and fiduciary responsibility.

Additionally, we identified \$17,310 in transfers to the bank account of the Executive Director's family in 2023. We are unsure if these transfers were reported as payroll, and/or if payroll taxes were withheld. The payments were all in even amounts, making it unlikely that there were any withholdings. The transaction descriptions varied, with some labeled "pay", others as "repayment of hv currents", and some as "reimbursement travel." The nature of these payments raises concerns about their appropriateness and whether they were properly classified. Given the uniformity of these payments, it raises concerns whether reimbursements for travel or other expenses adhered to federal mileage rates or standard accounting practices. Without further documentation, it cannot be determined if the payments indicate financial mismanagement or misappropriation of funds.

Our review found that the organization's resources were often used for what appear to be personal expenses of the Executive Director and his family. We found purchases of flowers on Valentines Day, Grand Canyon National Park tickets, concert tickets for shows in the Midwest, movie ticket purchases, video streaming service payments, frequent shopping at tobacco and drug paraphernalia stores, payments to the dating service "match.com", retail stores, and high-end restaurant purchases. Additionally, the organization spent over \$6,000 in 2023 on airfare. We do not have sufficient documentation to determine if these travel expenses were legitimate.

The Comptroller has received complaints from the public that Samadhi employees were purchasing alcohol at gas stations with their organization debit cards. We noticed over 300 payments under \$20 at gas stations around the County. Further, we noticed purchases at breweries and stores that predominantly sell beer.

Meeting with Samadhi

After receipt of the 2022 Samadhi audit, to determine next steps with this vendor, the Comptroller's Office hosted a face-to-face meeting on March 7, 2024, with Samadhi management. The meeting did little to dispel our concerns as Samadhi staff in the meeting each had a different number attributed to the unsubstantiated ATM withdrawals.

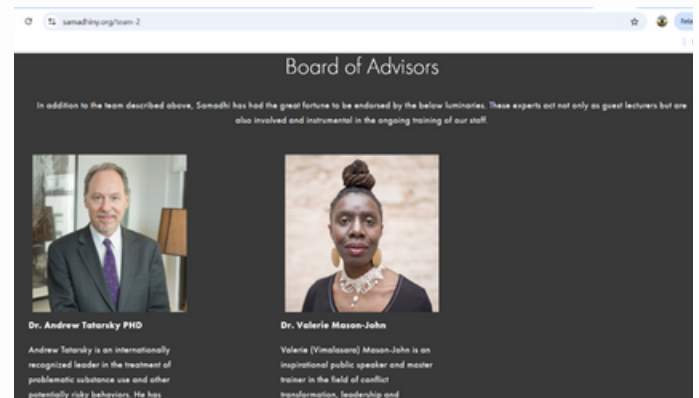
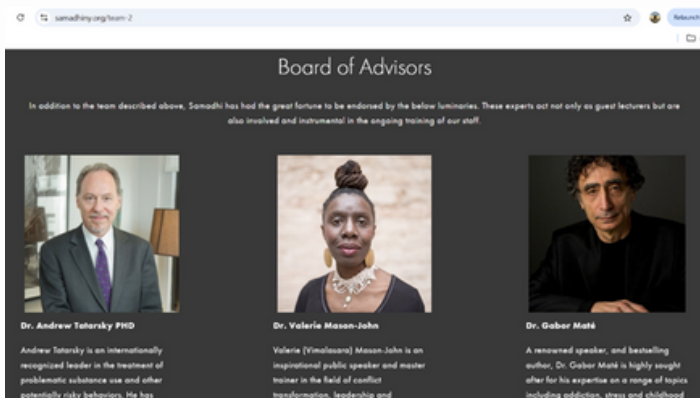
Prior to the meeting, we had received a tip from the community that the Director of Finance of Samadhi had made a loan to the organization and when asked about any loans between the organization to or from staff or board members, Samadhi staff did not disclose the Director of Finance loan, but instead disclosed a loan from Ulster County Legislator Kathy Nolan, Board Chair of Samadhi, by way of charges to Ms. Nolan's credit card on behalf of Samadhi.

In the bank statements we saw a \$10,000 payment to the Director of Finance that was labeled as a loan repayment. We requested loan documentation from the organization and received a single document supporting a \$10,000 loan. While the document was largely redacted by the organization, we noticed the initials of the individual who ostensibly made the loan to the organization had been repaid \$10,000 twice.

The Comptroller's Office does not have documentation of the loan between County Legislator Kathy Nolan and the Samadhi Center; however, Legislator Nolan has stated publicly in her 2023 Ulster County Ethics Disclosure that she allowed Samadhi to charge over \$14,000 to her personal credit card between April 15th and July 15th of 2023. What those charges were for or why the Samadhi Center would choose to pay with credit card interest rates at a time they appeared to have ample cash on hand has not been made clear.

Board Governance and Oversight

Samadhi's governing board is uncharacteristically small and does not contain the types of healthcare, financial, and administrative expertise one might expect in an organization with revenues and programs of this size. Although the organization's IRS Form 990 (the nonprofit's annual tax filing which includes required financial and governance disclosure) lists five board members, including David McNamara and Kathy Nolan, they are not identified on the organization's website. While there are "Board of Advisors" identified on the website, the Comptroller's Office does not believe this is a governing board and indeed when "advisor" Gabor Maté was contacted he confirmed that he had no contact with the agency for years and requested his name and likeness be removed from the Samadhi website. The organization subsequently removed Mr. Maté from their website as seen in the following images.



The organization's bylaws require a minimum of three Board Members. The Executive Director serves as a member of the Board which is not best practice. As a result of the small board size, it is possible for the organization to reduce board size to three people and make major decisions with a quorum of only two members, one of whom is the Executive Director and the other who is County Legislator Kathleen Nolan. A former employee whistleblower reported that meetings of the Board routinely consisted only of Board President Kathy Nolan and Executive Director McNamara and that "Kathy and David decide everything." We have requested Board minutes and did not receive them.

In addition to being a very small board, the purview of the Board appears to be very narrow and does not seem to include standard Board oversight activities. According to the 2022 audit management letter, the Board is not reviewing bank statements or bank reconciliations.

In the March 7, 2024, meeting when we asked about expenditure approvals, we were told that only expenditures over \$50,000 required Board approval or dual signatures. Not only is that limit extremely high, but there is no evidence of a policy adopted by the Board setting the \$50,000 limit. This is a higher threshold for board approval than most organizations and out of step with common practice.

The organization stated in their response to the management letter on the 2022 audit that “[a]n internal control policy governing credit and debit card usage has been established. This policy outlines limitations and approval processes for credit/debit card spending.” Upon request Samadhi provided the Comptroller’s Office a set of financial policies on April 12, 2024. When financial policies were provided to our office they lacked any indication of the date of adoption. We requested board minutes reflecting their adoption on May 5, 2024, and to date have not received any minutes.

The bylaws of the organization appear to require dual Treasurer and Executive Director approval for loan or indebtedness obligations.

Section 2. Checks and Notes

Except as otherwise specifically determined by resolution of the board of directors, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the president of the corporation.

Of the limited documentation we have for a single loan, there is no evidence of a Board of Directors resolution or dual signature.

Samadhi Rapid Growth as a Risk

Samadhi, first incorporated in 2018, became even more active as Ulster County experienced alarming growth in fatal and non-fatal overdoses. Starting in 2020, the Samadhi organization has had 6 service contracts with Ulster County and has received state and federal grants as well as millions of dollars in philanthropic support. The organization went from \$5,321 in 2018 revenues to \$1.2 million in 2022. We also understand from the organization that they received a \$1.9 million grant from NoVo and Ulster County provided at least \$620,000 in funds for emergency housing in 2023 bringing unaudited revenues to over \$2.5 million for 2023. Samadhi’s rapid financial growth creates a risk as the organization did not appropriately evolve their internal controls.

Samadhi Real Estate Holdings as a Risk

Samadhi’s sizable real estate portfolio also has created a heightened risk. In addition to growth in funds, Samadhi occupies three separate facilities, including the purchase of a recovery center at 150 Sawkill Road in Town of Ulster, a lease at 368 Broadway in Kingston, and a rent-to-own agreement for a 28-room hotel property at 451 Washington Avenue in Saugerties which they run as emergency housing as a motel. The lease at 368 Broadway is in a County owned building paid for with County funds under contract 2023-448. Samadhi has been paying the rent quarterly, despite the lease requirement for monthly payments, and has fallen into arrears at times, although is current as of this date. Samadhi also attempted to purchase additional properties for housing in the Glasco hamlet of Saugerties.

Continued Payment and Contract Approval Halt Remains in Place

Although the Comptroller’s Office initially requested that Samadhi conduct an Agreed Upon Procedures audit engagement prior to release of funds, we determined in the spring that it would not address the risks identified to County taxpayer funds and proceeding with this engagement would be an inefficient use of Samadhi’s charitable resources.

As previously stated, Samadhi provided the Comptroller’s Office with a set of financial policies that they said were adopted considering the audit findings. We asked for the Board minutes that show the adoption of these policies and have not received any responses to our multiple requests for minutes. Even if the Comptroller’s Office were to receive minutes, we would have additional documentation needed to assure taxpayers that public funds are being used as intended.

The Comptroller's Office has received a request for payment of an invoice from Samadhi Center, Inc. in the amount of \$62,362.61 for reimbursement of payroll and rent expenses incurred in November and December of 2023. In addition to this invoice, we also have requests from County departments for the approval of two contract amendments: one to extend the contract through the end of 2024 and another to allow the purchase of a vehicle. However, due to the significant financial and governance concerns outlined in this report, the Comptroller's Office is not approving any contract amendments for or payments to Samadhi. Given these concerns, we strongly recommend that DSS investigate the feasibility of relocating clients housed with the organization to more stable and appropriately managed facilities to reduce risk to the individuals housed there and to the County.

Conclusion

Opioid addiction has devastated many lives in Ulster County, and policymakers at every level, in every branch of government and from all political affiliations are committed to addressing the opioid epidemic. However, fiscal responsibility cannot be compromised in pursuit of solutions. The Ulster County Comptroller's Office recognizes that the Ulster County Executive and Ulster County Legislature are keen to invest time and taxpayer money into combating this crisis. Unfortunately, given the concerns outlined in this report, the Comptroller's Office deems it inappropriate to approve funds or contracts for Samadhi Center, Inc. as one of these solutions.