

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

FINANCIAL REPORT

**For the Years Ended
December 31, 2016 and 2015**



ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

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DECEMBER 31, 2016 and 2015**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alcohol & Drug Council
of Tompkins County, Inc.
Ithaca, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Alcohol & Drug Council of Tompkins County, Inc. (Council), a nonprofit organization, which comprise the Statements of Financial Position as of December 31, 2016 and 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alcohol & Drug Council of Tompkins County, Inc. as of December 31, 2016 and 2015, 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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 19, 2017

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

| ASSETS | 2016 | 2015 |
|---|-------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 129,454 | \$ 145,920 |
| Receivables: | | |
| Promises to give | 14,667 | 16,878 |
| Other receivables | 23,793 | 23,358 |
| Client fees | 4,209 | 9,581 |
| Medicaid | 101,856 | 44,080 |
| Third party | 16,408 | 51,905 |
| Total Receivables | 160,933 | 145,802 |
| Prepaid expenses | 21,893 | 19,485 |
| Total Current Assets | 312,280 | 311,207 |
| Furniture, fixtures, and equipment, net of accumulated depreciation | 189,362 | 147,309 |
| Total Assets | \$ 501,642 | \$ 458,516 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 12,335 | \$ 38,701 |
| Accrued payroll | 41,006 | 31,382 |
| Deferred revenue | 175 | - |
| Compensated absences | 29,896 | 22,432 |
| Total Current Liabilities | 83,412 | 92,515 |
| Unrestricted Net Assets | | |
| Fee for service receivable | 122,473 | 105,566 |
| Fixed assets | 189,362 | 147,309 |
| Board designated | 45,600 | 30,400 |
| Undesignated | 25,896 | 45,194 |
| Total Unrestricted Net Assets | 383,331 | 328,469 |
| Temporarily Restricted Net Assets | 34,899 | 37,532 |
| Total Net Assets, restated | 418,230 | 366,001 |
| Total Liabilities and Net Assets | \$ 501,642 | \$ 458,516 |

See Independent Auditor's Report and Notes to Financial Statements.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,**

| | 2016 | | |
|---|-------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total |
| Public Support | | | |
| New York State OASAS | \$ 319,563 | \$ | \$ 319,563 |
| Tompkins County: | | | |
| County General Fund | 57,780 | | 57,780 |
| Community Justice Center | 2,530 | | 2,530 |
| Stop DWI | 15,000 | | 15,000 |
| Other special programs | | 8,423 | 8,423 |
| Treatment courts | 3,295 | | 3,295 |
| Grants | 58,316 | 62,194 | 120,510 |
| Contributions | 17,498 | | 17,498 |
| Assets released from restrictions | 73,250 | (73,250) | - |
| Total Public Support | <u>547,232</u> | <u>(2,633)</u> | <u>544,599</u> |
| Revenue | | | |
| Medicaid reimbursements | 733,989 | | 733,989 |
| Third party reimbursements | 92,347 | | 92,347 |
| Client fees | 60,825 | | 60,825 |
| Interest income | 60 | | 60 |
| Program revenues | 47,229 | | 47,229 |
| Other revenue | 667 | | 667 |
| Total Revenue | <u>935,117</u> | <u>-</u> | <u>935,117</u> |
| Total Public Support and Revenue | <u>1,482,349</u> | <u>(2,633)</u> | <u>1,479,716</u> |
| Expenses | | | |
| Program Services: | | | |
| Clinic | 1,231,051 | | 1,231,051 |
| Education/Prevention | 168,588 | | 168,588 |
| Impaired Driver Program | 17,188 | | 17,188 |
| Total Program Services | <u>1,416,827</u> | <u>-</u> | <u>1,416,827</u> |
| Supporting Services: | | | |
| Fundraising | 10,660 | | 10,660 |
| Total Supporting Services | <u>10,660</u> | <u>-</u> | <u>10,660</u> |
| Total Expenses | <u>1,427,487</u> | <u>-</u> | <u>1,427,487</u> |
| Change in Net Assets | 54,862 | (2,633) | 52,229 |
| Net Assets, January 1, | 328,469 | 37,532 | 366,001 |
| Restatement | | | - |
| Net Assets, December 31, | <u>\$ 383,331</u> | <u>\$ 34,899</u> | <u>\$ 418,230</u> |

See Independent Auditor's Report and Notes to Financial Statements.

2015

| <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---------------------|-----------------------------------|-------------------|
| \$ 317,512 | \$ | \$ 317,512 |
| 57,780 | | 57,780 |
| 2,400 | | 2,400 |
| 15,000 | | 15,000 |
| 2,643 | | 2,643 |
| 2,725 | | 2,725 |
| 15,000 | 14,467 | 29,467 |
| 16,137 | | 16,137 |
| 17,100 | (17,100) | - |
| <u>446,297</u> | <u>(2,633)</u> | <u>443,664</u> |
| 765,169 | | 765,169 |
| 154,004 | | 154,004 |
| 59,575 | | 59,575 |
| 88 | | 88 |
| 48,995 | | 48,995 |
| 8,343 | | 8,343 |
| <u>1,036,174</u> | <u>-</u> | <u>1,036,174</u> |
| <u>1,482,471</u> | <u>(2,633)</u> | <u>1,479,838</u> |
| 1,226,737 | | 1,226,737 |
| 171,975 | | 171,975 |
| 19,669 | | 19,669 |
| <u>1,418,381</u> | <u>-</u> | <u>1,418,381</u> |
| <u>8,307</u> | | <u>8,307</u> |
| <u>8,307</u> | <u>-</u> | <u>8,307</u> |
| <u>1,426,688</u> | <u>-</u> | <u>1,426,688</u> |
| 55,783 | (2,633) | 53,150 |
| 291,194 | 40,165 | 331,359 |
| <u>(18,508)</u> | <u>-</u> | <u>(18,508)</u> |
| <u>\$ 328,469</u> | <u>\$ 37,532</u> | <u>\$ 366,001</u> |

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Program Services | | | | Supporting Services | | |
|------------------------------------|---------------------|--------------------------|----------------------------|---------------------|---------------------------|------------------|---------------------|
| | Clinic | Education/ Prevention | Impaired Driver Program | Total | Management and General | Fundraising | Total |
| Expenses | | | | | | | |
| Salaries | \$ 645,041 | \$ 93,685 | \$ 12,799 | \$ 751,525 | \$ 112,168 | \$ 6,537 | \$ 870,230 |
| Fringes | 172,171 | 18,951 | 1,703 | 192,825 | 26,795 | 995 | 220,615 |
| Program expenses | 16,236 | 8,652 | | 24,888 | | | 24,888 |
| IT and telephone expenses | 55,837 | 6,580 | | 62,417 | 3,468 | 810 | 66,695 |
| Staff development and travel | 5,342 | 3,010 | | 8,352 | 981 | 70 | 9,403 |
| Dues and memberships | 1,612 | 412 | 225 | 2,249 | 723 | 332 | 3,304 |
| Insurance expense | 10,012 | 1,251 | | 11,263 | 1,351 | | 12,614 |
| Miscellaneous expense | 173 | | | 173 | 177 | | 350 |
| Office expenses | 14,669 | 1,800 | 7 | 16,476 | 1,727 | 595 | 18,798 |
| Contracted services | 20,814 | 1,960 | | 22,774 | 9,900 | | 32,674 |
| Equipment expenses | 11,422 | 259 | | 11,681 | 259 | | 11,940 |
| Property expenses | 109,951 | 6,108 | | 116,059 | 6,108 | | 122,167 |
| Overhead allocation | 140,735 | 19,147 | 2,454 | 162,336 | (163,657) | 1,321 | - |
| Total Expenses before Depreciation | 1,204,015 | 161,815 | 17,188 | 1,383,018 | - | 10,660 | 1,393,678 |
| Depreciation | 27,036 | 6,773 | | 33,809 | | | 33,809 |
| Total Functional Expenses | \$ 1,231,051 | \$ 168,588 | \$ 17,188 | \$ 1,416,827 | \$ - | \$ 10,660 | \$ 1,427,487 |

See Independent Auditor's Report and Notes to Financial Statements.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

| | Program Services | | | Supporting Services | | | |
|---|---------------------|--------------------------|----------------------------|---------------------|---------------------------|-----------------|---------------------|
| | Clinic | Education/ Prevention | Impaired Driver Program | Total | Management and General | Fundraising | Total |
| Expenses | | | | | | | |
| Salaries | \$ 652,517 | \$ 95,155 | \$ 13,352 | \$ 761,024 | \$ 117,105 | \$ 4,353 | \$ 882,482 |
| Fringes | 152,360 | 20,255 | 1,770 | 174,385 | 27,463 | 609 | 202,457 |
| Program expenses | 37,539 | 11,568 | 1,500 | 50,607 | | | 50,607 |
| IT and telephone expenses | 50,904 | 5,735 | | 56,639 | 3,423 | 24 | 60,086 |
| Staff development and travel | 4,263 | 827 | | 5,090 | 1,068 | 13 | 6,171 |
| Dues and memberships | 1,401 | 342 | 225 | 1,968 | 362 | 355 | 2,685 |
| Insurance expense | 8,331 | 1,087 | | 9,418 | 1,188 | | 10,606 |
| Miscellaneous expense | 1,108 | | 225 | 1,333 | 126 | 4 | 1,463 |
| Office expenses | 12,401 | 2,261 | | 14,662 | 1,224 | 1,662 | 17,548 |
| Contracted services | 6,025 | 372 | | 6,397 | 13,662 | (100) | 19,959 |
| Equipment expenses | 19,768 | 2,406 | | 22,174 | 1,395 | | 23,569 |
| Property expenses | 108,110 | 5,912 | | 114,022 | 6,213 | | 120,235 |
| Overhead allocation | 148,976 | 20,269 | 2,597 | 171,842 | (173,229) | 1,387 | - |
| Total Expenses before Depreciation | 1,203,703 | 166,189 | 19,669 | 1,389,561 | - | 8,307 | 1,397,868 |
| Depreciation | 23,034 | 5,786 | | 28,820 | | | 28,820 |
| Total Functional Expenses | \$ 1,226,737 | \$ 171,975 | \$ 19,669 | \$ 1,418,381 | \$ - | \$ 8,307 | \$ 1,426,688 |

See Independent Auditor's Report and Notes to Financial Statements.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

| | <u>2016</u> | <u>2015</u> |
|--|--------------------------|--------------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 52,229 | \$ 53,150 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Prior period restatement | - | (18,508) |
| Depreciation | 33,809 | 28,820 |
| (Increase) decrease in: | | |
| Grants and fees receivable | (31,343) | 38,851 |
| Promises to give | 2,211 | 3,122 |
| Prepaid expenses | (2,408) | 6,263 |
| Due from County | 14,001 | (9,186) |
| (Decrease) increase in: | | |
| Accounts payable | (26,366) | 5,466 |
| Accrued payroll | 9,624 | 1,601 |
| Deferred revenue | 175 | - |
| Compensated absences | 7,464 | (6,911) |
| Due to OASAS | - | (16,033) |
| Medicaid payable | - | (26,702) |
| Net Cash Provided by Operating Activities | <u>59,396</u> | <u>59,933</u> |
| Cash Flows from Investing Activities | | |
| Purchases of fixed assets | (75,862) | (62,371) |
| Loss on fixed asset disposal | - | 251 |
| Net Cash (Used) by Investing Activities | <u>(75,862)</u> | <u>(62,120)</u> |
| Cash Flows from Financing Activities | <u>-</u> | <u>-</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (16,466) | (2,187) |
| Cash and Cash Equivalents, January 1, | <u>145,920</u> | <u>148,107</u> |
| Cash and Cash Equivalents, December 31, | \$ <u>129,454</u> | \$ <u>145,920</u> |

See Independent Auditor's Report and Notes to Financial Statements.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

***Note 1* Summary of Significant Accounting Policies**

Activity

Alcohol & Drug Council of Tompkins County, Inc. (Council), located in Ithaca, New York, is a not-for-profit organization which provides counseling and education services to the local community. The Council derives most of its revenue from third party reimbursements, the State of New York, and Tompkins County.

Accounting Method

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

Financial Statement Presentation

The Council accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board (FASB) in the FASB Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Council considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Equipment and Leasehold Improvements

The Council capitalizes all leasehold improvements and expenditures for furniture and equipment in excess of \$1,000 and with useful lives greater than one year. Purchased leasehold improvements and furniture and equipment are carried at cost. Donated property and equipment are carried at the approximated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives are estimated as follows: leasehold improvements, 5 to 20 years; furniture and equipment, 3 to 10 years.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

***Note 1* Summary of Significant Accounting Policies - Continued**

Compensated Absences

Compensated absences are accrued on a monthly basis and are limited to 30 days earnings per employee. The accrued liability recorded at December 31, 2016 and 2015 is the liability at the Council's year end.

Income Tax Status

The Council is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions

The Council accounts for contributions in accordance with the recommendations of the FASB in FASB ASC 958. In accordance with FASB ASC 958, unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Events Subsequent to Report Date

The Council has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 19, 2017, the date which the financial statements were available to be issued.

***Note 2* Concentration of Credit Risk Involving Cash**

The Council maintains cash in various accounts held at local financial institutions. At times, these cash balances may exceed federally insured amounts, and may exceed balance sheet amounts due to outstanding checks. There were no uninsured balances at December 31, 2016 and 2015.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

Note 3 Other Receivables and Promises to Give

Other receivables consisted of the following at December 31,:

| | 2016 | 2015 |
|---|-------------|-------------|
| Community Justice Center | \$ 165 | \$ 250 |
| Drug courts | 275 | 200 |
| Dues reimbursement | - | 342 |
| Tompkins County Mental Health | 4,815 | 18,816 |
| Stop DWI local funding | 3,750 | 3,750 |
| Delivery system reform incentive payment program | 14,788 | - |
| Total Other Receivables | \$ 23,793 | \$ 23,358 |

Promises to give of \$14,667 and \$16,878 consist entirely of United Way allocations and are considered fully collectible at December 31, 2016 and 2015, respectively.

Note 4 Fixed Assets and Related Depreciation

Fixed assets and accumulated depreciation consisted of the following at December 31,:

| | 2016 | | |
|--------------------------|-------------|-------------------------------------|-----------------------|
| | Cost | Accumulated Depreciation | Book Value |
| Furniture and equipment | \$ 178,727 | \$ 84,322 | \$ 94,405 |
| Leasehold improvements | 77,499 | 16,907 | 60,592 |
| Construction in progress | 34,365 | - | 34,365 |
| Total | \$ 290,591 | \$ 101,229 | \$ 189,362 |

| | 2015 | | |
|--------------------------|-------------|-------------------------------------|-----------------------|
| | Cost | Accumulated Depreciation | Book Value |
| Furniture and equipment | \$ 162,084 | \$ 54,208 | \$ 107,876 |
| Leasehold improvements | 50,545 | 13,212 | 37,333 |
| Construction in progress | 2,100 | - | 2,100 |
| Total | \$ 214,729 | \$ 67,420 | \$ 147,309 |

Depreciation expense amounted to \$33,809 and \$28,820 in 2016 and 2015, respectively. Disposals of fully depreciated furniture and equipment amounted to \$-0- and \$33,711 in 2016 and 2015, respectively.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

Note 5 Net Assets

Unrestricted Net Assets

Management has disclosed unrestricted net assets in three different categories as follows:

- Client Fees Receivable - OASAS has a right to these funds in the event the Council ceases to exist,
- Fixed Assets - Net book value of the Council's investments in fixed assets,
- Board Designated - Set aside for repayment of potential Medicaid take-back,
- Undesignated - Unrestricted net assets used for continuing operations.

Restatement

Unrestricted net assets were restated at January 1, 2015. The \$18,508 decrease in unrestricted net assets reflects \$15,761 revenue recognized in prior periods and \$2,747 prior period uncollectable receivables.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of promises to give in the future, or funds received for specific programs or purposes. Promises to give in the future become available for use during the subsequent year and are reclassified to unrestricted net assets. Funds restricted to specific programs become unrestricted as program expenses are incurred.

Temporarily restricted net assets consisted of the following at December 31,:

| | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|
| United Way grant (time restriction) | \$ 11,000 | \$ 14,467 |
| MMC Grant | 174 | - |
| Legacy Grant | 855 | - |
| OASAS Funding - Electronic medical records project (time and purpose restriction) | <u>22,870</u> | <u>23,065</u> |
| Total | <u>\$ 34,899</u> | <u>\$ 37,532</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Total assets released from restrictions amounted to \$73,250 and \$17,100 for the years ended December 31, 2016 and 2015, respectively.

Note 6 Line of Credit

The Council maintains a line of credit in the amount of \$50,000 at a local financial institution which matures on June 5, 2017. There was no activity on the line of credit during 2016 or 2015, and there were no outstanding balances at December 31, 2016 and 2015.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

***Note 7* Program Services**

The Council classifies its program service activities as follows:

- Clinic - The Outpatient Clinic offers comprehensive evaluations and treatment options for individuals, family members, and concerned others, regarding the use of alcohol and other drugs.
- Education and Prevention - Education and Prevention activities include several programs meant to raise awareness within the community about the disease of addiction.
- BASICS - BASICS is a two session program that provides education about alcohol and other substances in an interactive, one-on-one environment. Referral to this program offers young people a unique combination of meeting mandated requirements while being challenged to examine their own history, values, and patterns of use of alcohol and other drugs. The focus of the program is to educate young people about the risks of use, to understand the distinction between use, abuse, and dependence, and to potentially self-identify an alcohol or other drug problem. This program is presented within education and prevention in the financial statements.
- Non-OASAS Contracts - Impaired Driver Program (IDP) - The Council administers the Impaired Driver Program in Tompkins County. The program is taught by New York State Department of Motor Vehicles approved instructors.

***Note 8* Lease Commitment**

The Council leases its facility from Tompkins County under a lease which commenced April 1, 2001, for a five-year term, and renewed April 1, 2006, 2011, and 2016, respectively, for five-year terms, with an increase of 2% each year through March 31, 2021. Lease payments amounted to \$122,168 and \$119,484 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2017 | \$ 124,602 |
| 2018 | 127,271 |
| 2019 | 129,703 |
| 2020 | 132,242 |
| 2021 | 33,223 |

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

***Note 9* Pension Plan**

The Council participates in a defined contribution plan. All full time employees are eligible to participate in the plan on the first day of the month after their date of hire. Employer contributions of 3% begin on the first day of the month after participants have completed one year of service. A year of service is credited for 1,000 hours of service in a calendar year. Employees are fully vested after three years of service. Pension expense amounted to \$30,278 and \$26,842 in 2016 and 2015, respectively.

***Note 10* Program Promotion and Advertising**

The Council promotes its programs among the audiences it serves through advertising and various promotional activities. The costs of program advertising and promotion are expensed as incurred. During 2016 and 2015, program advertising and promotion costs totaled \$8,345 and \$11,625, respectively.

***Note 11* Commitments and Contingencies**

Risk Financing and Related Insurance

The Council is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Other Items

The Council receives grants which are subject to audit by outside agencies. Such audits may result in disallowances and a request for a return of funds.

***Note 12* Reclassification**

Certain amounts in the Statement of Functional Expenses as of December 31, 2015 have been reclassified to conform to the current year's presentation.