

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

Ithaca, New York

FINANCIAL REPORT

December 31, 2018 and 2017



ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Alcohol & Drug Council of Tompkins County, Inc. (Council), which comprise the Statements of Financial Position as of December 31, 2018 and 2017, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Council'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 Council'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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Council adopted Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) "Presentation of Financial Statements of Not-for-Profit Entities," during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

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 25, 2019

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

ASSETS	2018	2017
Current Assets		
Cash and Cash Equivalents		
Unrestricted	\$ 223,335	\$ 258,214
Restricted	390,172	-
Total Cash and Cash Equivalents	613,507	258,214
Receivables		
Other Receivables	16,381	46,736
Client Fees, Net	11,521	8,414
Medicaid, Net	47,448	62,022
Third Party, Net	30,826	24,631
Total Receivables	106,176	141,803
Promises to Give	8,750	12,833
Prepaid Expenses	165,937	34,081
Total Current Assets	894,370	446,931
Furniture, Fixtures, and Equipment, Net	149,977	148,261
Total Assets	\$ 1,044,347	\$ 595,192
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 11,762	\$ 17,173
Accrued Payroll	48,658	40,802
Deferred Revenue	5,170	825
Compensated Absences	36,518	32,753
Total Liabilities	102,108	91,553
 Net Assets Without Donor Restrictions		
Fees for Service Receivable	89,795	95,067
Fixed Assets	149,977	148,261
Board Designated	60,800	60,800
Undesignated	14,221	52,621
Total Net Assets Without Donor Restrictions	314,793	356,749
Net Assets With Donor Restrictions	627,446	146,890
Total Net Assets	942,239	503,639
Total Liabilities and Net Assets	\$ 1,044,347	\$ 595,192

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
New York State OASAS	\$ 321,993	\$	\$ 321,993
Tompkins County:			-
County General Fund	72,780		72,780
Community Justice Center	2,468		2,468
Stop DWI	15,000		15,000
Other Special Programs	3,150		3,150
Treatment Courts	22,104		22,104
Grants	37,499	682,500	719,999
Contributions	74,611		74,611
Assets Released from Restrictions	201,944	(201,944)	-
Total Public Support	751,549	480,556	1,232,105
Revenue			
Medicaid Reimbursements	617,592		617,592
Third Party Reimbursements	89,824		89,824
Client Fees	138,079		138,079
Interest Income	390		390
Program Revenues	43,954		43,954
Other Revenue	592		592
In-Kind Revenue	65,000		65,000
Total Revenue	955,431	-	955,431
Total Public Support and Revenue	1,706,980	480,556	2,187,536
Expenses			
Program Services:			
Clinic	1,157,885		1,157,885
DETOX	142,479		142,479
Education/Prevention	155,383		155,383
Impaired Driver Program	14,668		14,668
Total Program Services	1,470,415	-	1,470,415
Supporting Services:			
Management and General	173,984		173,984
Fundraising	104,537		104,537
Total Supporting Services	278,521	-	278,521
Total Expenses	1,748,936	-	1,748,936
Change in Net Assets	(41,956)	480,556	438,600
Net Assets, January 1,	356,749	146,890	503,639
Net Assets, December 31,	\$ 314,793	\$ 627,446	\$ 942,239

See Notes to Financial Statements

2017		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 292,930	\$	\$ 292,930
57,780		57,780
2,695		2,695
15,000		15,000
9,077		9,077
2,915		2,915
16,006	198,500	214,506
24,477		24,477
86,509	(86,509)	-
<u>507,389</u>	<u>111,991</u>	<u>619,380</u>
774,810		774,810
131,312		131,312
87,729		87,729
82		82
39,690		39,690
8,047		8,047
-		-
<u>1,041,670</u>	<u>-</u>	<u>1,041,670</u>
<u>1,549,059</u>	<u>111,991</u>	<u>1,661,050</u>
1,154,121		1,154,121
74,188		74,188
158,059		158,059
12,275		12,275
<u>1,398,643</u>	<u>-</u>	<u>1,398,643</u>
144,195		144,195
32,803		32,803
<u>176,998</u>	<u>-</u>	<u>176,998</u>
<u>1,575,641</u>	<u>-</u>	<u>1,575,641</u>
(26,582)	111,991	85,409
<u>383,331</u>	<u>34,899</u>	<u>418,230</u>
<u>\$ 356,749</u>	<u>\$ 146,890</u>	<u>\$ 503,639</u>

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services		Total
	Clinic	DETOX	Education/ Prevention	Impaired Driver Program	Total	Management and General	Fundraising	
Expenses								
Salaries	\$ 642,624	\$ 59,840	\$ 104,557	\$ 10,148	\$ 817,169	\$ 87,890	\$ 85,467	\$ 990,526
Fringes	171,590	4,911	21,801	1,493	199,795	14,650	12,135	226,580
Program Expenses	17,530		3,786	2,800	24,116	482		24,598
IT and Telephone Expenses	52,759		4,420		57,179	3,878	1,274	62,331
Staff Development and Travel	5,102	22	784		5,908	474	365	6,747
Dues and Memberships	2,358		381	225	2,964	309	121	3,394
Insurance Expense	11,324		1,407		12,731	1,575		14,306
Miscellaneous Expense	10		3		13	2,116	103	2,232
Office Expenses	18,664	905	1,835		21,404	3,386	479	25,269
Contracted Services	72,358	76,801	880	2	150,041	50,961	4,593	205,595
Equipment Expenses	2,318		27		2,345	1,360		3,705
Property Expenses	124,245		6,903		131,148	6,903		138,051
Depreciation	37,003		8,599		45,602			45,602
Total Expenses	1,157,885	142,479	155,383	14,668	1,470,415	173,984	104,537	1,748,936
Overhead Allocation	127,496	15,798	17,485	1,618	162,397	(173,984)	11,587	-
Total Functional Expenses	\$ 1,285,381	\$ 158,277	\$ 172,868	\$ 16,286	\$ 1,632,812	\$ -	\$ 116,124	\$ 1,748,936

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services			
	Clinic	DETOX	Education/ Prevention	Impaired Driver Program	Total	Management and General	Fundraising	Total
Expenses								
Salaries	\$ 708,513	\$ 30,309	\$ 102,131	\$ 8,358	\$ 849,311	\$ 83,249	\$ 30,528	\$ 963,088
Fringes	184,400	6,940	21,695	1,343	214,378	19,924	551	234,853
Program Expenses	15,707		5,785	1,900	23,392			23,392
IT and Telephone Expenses	55,602		9,056		64,658	5,702	908	71,268
Staff Development and Travel	6,745	209	1,392	385	8,731	1,209	15	9,955
Dues and Memberships	1,616		342	225	2,183	226	381	2,790
Insurance Expense	10,162		1,270		11,432	1,565		12,997
Miscellaneous Expense			23		23	127		150
Office Expenses	17,132	59	1,417	64	18,672	2,560	420	21,652
Contracted Services	6,196	36,671	587		43,454	23,403		66,857
Equipment Expenses	768				768			768
Property Expenses	112,148		6,230		118,378	6,230		124,608
Depreciation	35,132		8,131		43,263			43,263
Total Expenses	1,154,121	74,188	158,059	12,275	1,398,643	144,195	32,803	1,575,641
Overhead Allocation	119,393		16,727	1,875	137,995	(144,195)	6,200	-
Total Functional Expenses	<u>\$ 1,273,514</u>	<u>\$ 74,188</u>	<u>\$ 174,786</u>	<u>\$ 14,150</u>	<u>\$ 1,536,638</u>	<u>\$ -</u>	<u>\$ 39,003</u>	<u>\$ 1,575,641</u>

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Cash Received from Grantors and Donors	\$ 1,236,188	\$ 621,214
Cash Received from Medicaid	636,511	779,923
Cash Received from Clients and Third Parties	218,601	219,041
Other Cash Receipts	140,291	47,819
Cash Paid to Suppliers	(491,639)	(335,255)
Cash Paid to Employees	<u>(1,337,341)</u>	<u>(1,201,821)</u>
Net Cash Provided (Used) by Operating Activities	<u>402,611</u>	<u>130,921</u>
Cash Flows from Investing Activities		
Acquisition of Vehicles, Furniture, Fixtures, and Equipment	(47,318)	(2,263)
Proceeds from the Sale of Vehicles and Equipment	<u>-</u>	<u>102</u>
Net Cash Provided (Used) by Investing Activities	<u>(47,318)</u>	<u>(2,161)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
Change in Cash and Cash Equivalents	355,293	128,760
Cash and Cash Equivalents at January 1,	<u>258,214</u>	<u>129,454</u>
Cash and Cash Equivalents at December 31,	<u><u>\$ 613,507</u></u>	<u><u>\$ 258,214</u></u>

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***Note 1* Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

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.

Basis of Presentation

The financial statements of the Council have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Council 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 Council. These net assets may be used at the discretion of the Council's management and the Board of Directors.

- **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 Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby 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 Statements of Activities.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management estimates its allowance for doubtful accounts based off of historical collection rates. At December 31, 2018, the Council reported an allowance for doubtful accounts of \$24,052.

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.

Furniture, Fixtures and Equipment

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 net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions at that time.

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, 2018 and 2017 is the liability at the Council's year end.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***Note 1* Nature of Activities and Summary of Significant Accounting Policies - Continued**

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).

Natural and Functional Expenses

Natural expenses are defined by their nature, such as salaries, rent, supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example management and oversight and direct program costs. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the costs attributable by function based on estimated percentage of time and effort, square footage, or full time equivalent.

Contributions

Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions depending on the existing and/or nature of any donor restrictions. 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 25, 2019, the date which the financial statements were available to be issued.

New Accounting Pronouncements

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Council adopted ASU 2016-14 in 2018, and applied the changes retrospectively. As a result of the adoption of ASU 2016-14, the Council has updated its net asset classifications and presented a disclosure of liquidity information. The adoption has no effect on the net asset balances previously reported.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 1 **Nature of Activities and Summary of Significant Accounting Policies - Continued**

Reclassifications - Cash Flows

During the year ended December 31, 2018, the Council changed its method of presenting the Statement of Cash Flows for operating activities from the indirect method (which adjusts net income to remove the effects of noncash operating transactions) to the direct method (which showed principal components of operating cash receipts and payments). This change has been applied retroactively to the 2017 Statement of Cash Flows.

Note 2 **Concentration of Credit Risk**

The Council maintains its cash balances at several financial institutions. From time to time, the Council may have bank deposits in excess of the Federal Deposit Insurance Corporation insurance limits. At December 31, 2018 and 2017, uninsured cash balances were \$384,919 and \$43,776, respectively.

Note 3 **Other Receivables and Promises to Give**

Other receivables consisted of the following at December 31,:

	<u>2018</u>	<u>2017</u>
Community Justice Center	\$ 168	\$ 220
Drug Courts	863	825
Tompkins County Mental Health	-	23,522
Incentive Payment Program	<u>15,350</u>	<u>22,169</u>
Total Other Receivables	<u>\$ 16,381</u>	<u>\$ 46,736</u>

Promises to give of \$8,750 and \$12,833 consist entirely of United Way allocations and are considered fully collectible at December 31, 2018 and 2017, respectively.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 4 Fixed Assets and Related Depreciation

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

	2018		
	Cost	Accumulated Depreciation	Book Value
Furniture and Equipment	\$ 212,733	\$ 151,751	\$ 60,982
Leasehold Improvements	77,499	27,729	49,770
Construction in Progress	39,225	-	39,225
Total	\$ 329,457	\$ 179,480	\$ 149,977
	2017		
	Cost	Accumulated Depreciation	Book Value
Furniture and Equipment	\$ 204,640	\$ 112,347	\$ 92,293
Leasehold Improvements	77,499	21,531	55,968
Total	\$ 282,139	\$ 133,878	\$ 148,261

Depreciation expense amounted to \$45,602 and \$43,263 in 2018 and 2017, respectively.

Note 5 Net Assets

Net Assets Without Donor Restrictions

Management has disclosed net assets without donor restrictions in the following categories:

- Fees for Service 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 - Net assets without donor restrictions used for continuing operations.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

Note 5 **Net Assets - Continued**

Net Assets With Donor Restrictions

Net assets with donor restrictions 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 net assets without donor restrictions. Funds restricted to specific programs are released from donor restrictions as program expenses are incurred.

Net assets with donor restrictions consisted of the following at December 31,:

	<u>2018</u>	<u>2017</u>
United Way Grant (Time Restriction)	\$ 7,500	\$ 11,000
Open Access (Time and Purpose Restriction)	439,209	-
Foundation Source (Time and Purpose Restriction)	50,000	-
OASAS Funding - Electronic Medical Records Project (Time and Purpose Restriction)	22,578	22,578
Innovation Grant (Time and Purpose Restriction)	<u>108,159</u>	<u>113,312</u>
Total	<u><u>\$ 627,446</u></u>	<u><u>\$ 146,890</u></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 \$201,944 and \$86,509 for the years ended December 31, 2018 and 2017 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, 2019. There was no activity on the line of credit during 2018 and 2017, and there were no outstanding balances at December 31, 2018 and 2017.

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.
- DETOX Stabilization - Planning fees, not operational.
- Education and Prevention - Education and Prevention activities include several programs meant to raise awareness within the community about the disease of addiction.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

***Note 7* Program Services - Continued**

- Education/Prevention (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 primary 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. The Council also leases the Detox and Stabilization Center from Blinder Property Company, LLC under a lease which commenced on December 1, 2018 for an eleven-year term through 2028. Lease payments amounted to \$138,051 and \$124,608 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 390,295
2020	499,308
2021	407,631
2022	381,896
2023	389,534
2024-2029	2,469,144

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 and 2017

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 \$31,171 and \$32,779 in 2018 and 2017, 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 2018 and 2017, program advertising and promotion costs totaled \$5,245 and \$5,531, 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 Liquidity and Availability of Resources

The Council's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial Assets at Year End	2018	2017
Cash and Equivalents	<u>\$ 613,507</u>	<u>\$ 258,214</u>
Accounts Receivable and Promises to Give	<u>114,926</u>	<u>154,636</u>
Total Financial Assets Available Within One Year	728,433	412,850
Net Assets with Donor Restrictions	<u>627,446</u>	<u>146,890</u>
Board Designated Net Assets	<u>60,800</u>	<u>60,800</u>
Total Amounts Unavailable Within One Year	688,246	207,690
Total Financial Assets Available To Management Within One Year	<u>\$ 40,187</u>	<u>\$ 205,160</u>

The Council manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.