

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

Ithaca, New York

## FINANCIAL REPORT

For the Years Ended  
December 31, 2019 and 2018



# ***ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.***

## **TABLE OF CONTENTS**

|   |      |
|---|------|
| Independent Auditors' Report .....            | 1-2  |
| Statements of Financial Position .....        | 3    |
| Statements of Activities .....                | 4-4a |
| Statement of Functional Expenses - 2019 ..... | 5    |
| Statement of Functional Expenses - 2018 ..... | 6    |
| Statements of Cash Flows .....                | 7    |
| Notes to Financial Statements .....           | 8-16 |



## 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. (the Council), which comprise the Statements of Financial Position as of December 31, 2019 and 2018, 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 auditors' 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, 2019 and 2018, 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, Alcohol & Drug Council of Tompkins County, Inc. adopted the following accounting standards during the year ended December 31, 2019: Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606); and FASB ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958); and FASB ASU 2016-18, "Statement of Cash Flows" (Topic 230). Our opinion is not modified with respect to these matters.

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  
June 17, 2020

# ***ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.***

## **STATEMENTS OF FINANCIAL POSITION DECEMBER 31,**

| <b>ASSETS</b>                                      | <b>2019</b>       | <b>2018</b>         |
|--|-------------------|---------------------|
| <b>Current Assets</b>                              |                   |                     |
| Cash, Cash Equivalents, and Restricted Cash        |                   |                     |
| Unrestricted                                       | \$ 67,987         | \$ 223,335          |
| Restricted   | 5,421             | 390,172             |
| Total Cash, Cash Equivalents, and Restricted Cash  | 73,408            | 613,507             |
| Receivables  |                   |                     |
| Other Receivables                                  | 150,888           | 16,381              |
| Client Fees, Net                                   | 12,072            | 11,521              |
| Medicaid, Net                                      | 46,678            | 47,448              |
| Third Party, Net                                   | 67,845            | 30,826              |
| Total Receivables                                  | 277,483           | 106,176             |
| Promises to Give                                   | 11,250            | 8,750               |
| Prepaid Expenses                                   | 145,918           | 165,937             |
| <b>Total Current Assets</b>                        | <b>508,059</b>    | <b>894,370</b>      |
| Fixed Assets, Net                                  | 180,536           | 149,977             |
| <b>Total Assets</b>                                | <b>\$ 688,595</b> | <b>\$ 1,044,347</b> |
| <b>LIABILITIES AND NET ASSETS</b>                  |                   |                     |
| <b>Current Liabilities</b>                         |                   |                     |
| Accounts Payable                                   | \$ 83,617         | \$ 11,762           |
| Accrued Payroll                                    | 51,043            | 48,658              |
| Deferred Revenue                                   | -                 | 5,170               |
| Line of Credit                                     | 20,000            | -                   |
| Compensated Absences                               | 48,395            | 36,518              |
| <b>Total Liabilities</b>                           | <b>203,055</b>    | <b>102,108</b>      |
| <b>Net Assets Without Donor Restrictions</b>       |                   |                     |
| Fees for Service Receivable                        | 126,595           | 89,795              |
| Fixed Assets                                       | 180,536           | 149,977             |
| Board Designated                                   | 60,800            | 60,800              |
| Undesignated                                       | (162,075)         | 14,221              |
| <b>Total Net Assets Without Donor Restrictions</b> | <b>205,856</b>    | <b>314,793</b>      |
| <b>Net Assets With Donor Restrictions</b>          | <b>279,684</b>    | <b>627,446</b>      |
| <b>Total Net Assets</b>                            | <b>485,540</b>    | <b>942,239</b>      |
| <b>Total Liabilities and Net Assets</b>            | <b>\$ 688,595</b> | <b>\$ 1,044,347</b> |

*See Notes to Financial Statements*

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

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

|   | 2019                          |                            |                   |
|---|-------------------------------|----------------------------|-------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             |
| <b>Public Support</b>                   |                               |                            |                   |
| New York State OASAS                    | \$ 321,925                    | \$                         | \$ 321,925        |
| Tompkins County:                        |                               |                            |                   |
| County General Fund                     | 72,780                        |                            | 72,780            |
| Community Justice Center                | 2,632                         |                            | 2,632             |
| Stop DWI                                | 15,000                        |                            | 15,000            |
| Other Special Programs                  | 9,137                         |                            | 9,137             |
| Treatment Courts                        | 3,973                         |                            | 3,973             |
| Grants                                  | 270,188                       | 170,000                    | 440,188           |
| Contributions                           | 86,666                        |                            | 86,666            |
| Net Assets Released from Restrictions   | 517,762                       | (517,762)                  | -                 |
| <b>Total Public Support</b>             | <b>1,300,063</b>              | <b>(347,762)</b>           | <b>952,301</b>    |
| <b>Revenue</b>                          |                               |                            |                   |
| Medicaid Reimbursements                 | 476,795                       |                            | 476,795           |
| Third Party Reimbursements              | 112,264                       |                            | 112,264           |
| Client Fees                             | 48,004                        |                            | 48,004            |
| Interest Income                         | 433                           |                            | 433               |
| Program Revenues                        | 100,300                       |                            | 100,300           |
| Other Revenue                           | 9,925                         |                            | 9,925             |
| In-Kind Revenue                         | 1,780                         |                            | 1,780             |
| <b>Total Revenue</b>                    | <b>749,501</b>                | <b>-</b>                   | <b>749,501</b>    |
| <b>Total Public Support and Revenue</b> | <b>2,049,564</b>              | <b>(347,762)</b>           | <b>1,701,802</b>  |
| <b>Expenses</b>                         |                               |                            |                   |
| Program Services:                       |                               |                            |                   |
| Clinic                                  | 1,227,495                     |                            | 1,227,495         |
| DETOX                                   | 138,267                       |                            | 138,267           |
| Education/Prevention                    | 138,618                       |                            | 138,618           |
| Impaired Driver Program                 | 15,418                        |                            | 15,418            |
| <b>Total Program Services</b>           | <b>1,519,798</b>              | <b>-</b>                   | <b>1,519,798</b>  |
| Supporting Services:                    |                               |                            |                   |
| Management and General                  | 511,075                       |                            | 511,075           |
| Fundraising                             | 127,628                       |                            | 127,628           |
| <b>Total Supporting Services</b>        | <b>638,703</b>                | <b>-</b>                   | <b>638,703</b>    |
| <b>Total Expenses</b>                   | <b>2,158,501</b>              | <b>-</b>                   | <b>2,158,501</b>  |
| <b>Change in Net Assets</b>             | <b>(108,937)</b>              | <b>(347,762)</b>           | <b>(456,699)</b>  |
| Net Assets, January 1,                  | 314,793                       | 627,446                    | 942,239           |
| <b>Net Assets, December 31,</b>         | <b>\$ 205,856</b>             | <b>\$ 279,684</b>          | <b>\$ 485,540</b> |

*See Notes to Financial Statements*

**2018**

| <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|---------------------------------------|------------------------------------|-------------------|
| \$ 321,993                            | \$                                 | \$ 321,993        |
| 72,780                                |                                    | 72,780            |
| 2,468                                 |                                    | 2,468             |
| 15,000                                |                                    | 15,000            |
| 3,150                                 |                                    | 3,150             |
| 22,104                                |                                    | 22,104            |
| 37,499                                | 682,500                            | 719,999           |
| 74,611                                |                                    | 74,611            |
| 201,944                               | (201,944)                          | -                 |
| <u>751,549</u>                        | <u>480,556</u>                     | <u>1,232,105</u>  |
| 617,592                               |                                    | 617,592           |
| 89,824                                |                                    | 89,824            |
| 138,079                               |                                    | 138,079           |
| 390                                   |                                    | 390               |
| 43,954                                |                                    | 43,954            |
| 592                                   |                                    | 592               |
| 65,000                                |                                    | 65,000            |
| <u>955,431</u>                        | <u>-</u>                           | <u>955,431</u>    |
| <u>1,706,980</u>                      | <u>480,556</u>                     | <u>2,187,536</u>  |
| 1,157,885                             |                                    | 1,157,885         |
| 142,479                               |                                    | 142,479           |
| 155,383                               |                                    | 155,383           |
| 14,668                                |                                    | 14,668            |
| <u>1,470,415</u>                      | <u>-</u>                           | <u>1,470,415</u>  |
| 173,984                               |                                    | 173,984           |
| <u>104,537</u>                        |                                    | <u>104,537</u>    |
| 278,521                               | -                                  | 278,521           |
| <u>1,748,936</u>                      | <u>-</u>                           | <u>1,748,936</u>  |
| (41,956)                              | 480,556                            | 438,600           |
| <u>356,749</u>                        | <u>146,890</u>                     | <u>503,639</u>    |
| <u>\$ 314,793</u>                     | <u>\$ 627,446</u>                  | <u>\$ 942,239</u> |

# *ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.*

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

|                                  | <u>Program Services</u> |                   |                                  |                                    | <u>Supporting Services</u> |                                   |                    |                     |
|----------------------------------|-------------------------|-------------------|----------------------------------|------------------------------------|----------------------------|-----------------------------------|--------------------|---------------------|
|                                  | <u>Clinic</u>           | <u>DETOX</u>      | <u>Education/<br/>Prevention</u> | <u>Impaired<br/>Driver Program</u> | <u>Total</u>               | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
| <b>Expenses</b>                  |                         |                   |                                  |                                    |                            |                                   |                    |                     |
| Salaries                         | \$ 640,687              | \$ 45,242         | \$ 88,415                        | \$ 11,027                          | \$ 785,371                 | \$ 105,442                        | \$ 91,832          | \$ 982,645          |
| Fringes                          | 174,369                 | 3,720             | 12,539                           | 1,590                              | 192,218                    | 19,397                            | 13,748             | 225,363             |
| Program Expenses                 | 17,697                  |                   | 4,205                            | 1,400                              | 23,302                     | 83                                | 1,865              | 25,250              |
| IT and Telephone Expenses        | 61,650                  |                   | 7,854                            |                                    | 69,504                     | 7,568                             | 687                | 77,759              |
| Staff Development and Travel     | 5,683                   |                   | 1,649                            |                                    | 7,332                      | 363                               | 74                 | 7,769               |
| Dues and Memberships             | 1,703                   |                   | 338                              | 225                                | 2,266                      | 287                               | 290                | 2,843               |
| Insurance Expense                | 11,085                  |                   | 1,299                            |                                    | 12,384                     | 2,241                             |                    | 14,625              |
| Interest Expense                 |                         |                   |                                  |                                    |                            | 1,103                             |                    | 1,103               |
| Miscellaneous Expenses           |                         |                   |                                  |                                    |                            | 125                               | 3,363              | 3,488               |
| Office Expenses                  | 21,143                  | 135               | 2,504                            |                                    | 23,782                     | 4,964                             | 608                | 29,354              |
| Contracted Services              | 37,872                  | 89,170            | 599                              | 1,176                              | 128,817                    | 32,978                            | 15,161             | 176,956             |
| Repairs and Maintenance          | 8,226                   |                   |                                  |                                    | 8,226                      | 26,974                            |                    | 35,200              |
| Utilities Expense                | 4,081                   |                   |                                  |                                    | 4,081                      | 10,435                            |                    | 14,516              |
| Equipment Expenses               | 4,731                   |                   | 132                              |                                    | 4,863                      | 740                               |                    | 5,603               |
| Property Expenses                | 204,143                 |                   | 12,329                           |                                    | 216,472                    | 298,375                           |                    | 514,847             |
| Depreciation                     | 34,425                  |                   | 6,755                            |                                    | 41,180                     |                                   |                    | 41,180              |
| <b>Total Expenses</b>            | 1,227,495               | 138,267           | 138,618                          | 15,418                             | 1,519,798                  | 511,075                           | 127,628            | 2,158,501           |
| Overhead Allocation              | 380,801                 | 42,894            | 43,003                           | 4,783                              | 471,481                    | (511,075)                         | 39,594             | -                   |
| <b>Total Functional Expenses</b> | <b>\$ 1,608,296</b>     | <b>\$ 181,161</b> | <b>\$ 181,621</b>                | <b>\$ 20,201</b>                   | <b>\$ 1,991,279</b>        | <b>\$ -</b>                       | <b>\$ 167,222</b>  | <b>\$ 2,158,501</b> |

*See Notes to Financial Statements*



# *ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.*

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

|                                  | <u>Program Services</u>    |                          |                                  |                                    |                            | <u>Supporting Services</u>        |                          | <u>Total</u>               |
|----------------------------------|----------------------------|--------------------------|----------------------------------|------------------------------------|----------------------------|-----------------------------------|--------------------------|----------------------------|
|                                  | <u>Clinic</u>              | <u>DETOX</u>             | <u>Education/<br/>Prevention</u> | <u>Impaired<br/>Driver Program</u> | <u>Total</u>               | <u>Management<br/>and General</u> | <u>Fundraising</u>       |                            |
| <b>Expenses</b>                  |                            |                          |                                  |                                    |                            |                                   |                          |                            |
| 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                     |
| <b>Total Expenses</b>            | <b>1,157,885</b>           | <b>142,479</b>           | <b>155,383</b>                   | <b>14,668</b>                      | <b>1,470,415</b>           | <b>173,984</b>                    | <b>104,537</b>           | <b>1,748,936</b>           |
| Overhead Allocation              | 127,496                    | 15,798                   | 17,485                           | 1,618                              | 162,397                    | (173,984)                         | 11,587                   | -                          |
| <b>Total Functional Expenses</b> | <b><u>\$ 1,285,381</u></b> | <b><u>\$ 158,277</u></b> | <b><u>\$ 172,868</u></b>         | <b><u>\$ 16,286</u></b>            | <b><u>\$ 1,632,812</u></b> | <b><u>\$ -</u></b>                | <b><u>\$ 116,124</u></b> | <b><u>\$ 1,748,936</u></b> |

*See Notes to Financial Statements*

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

|  | <u>2019</u>             | <u>2018</u>              |
|--|-------------------------|--------------------------|
| <b>Cash Flows From Operating Activities</b>                        |                         |                          |
| Cash Received from Grantors and Donors                             | \$ 813,809              | \$ 1,236,188             |
| Cash Received from Medicaid  | 472,395                 | 636,511                  |
| Cash Received from Clients and Third Parties                       | 122,698                 | 218,601                  |
| Other Cash Receipts  | 113,923                 | 140,291                  |
| Cash Paid to Suppliers   | (856,843)               | (491,639)                |
| Cash Paid to Employees   | <u>(1,154,342)</u>      | <u>(1,337,341)</u>       |
| <b>Net Cash Provided (Used) by Operating Activities</b>            | <u>(488,360)</u>        | <u>402,611</u>           |
| <b>Cash Flows From Investing Activities</b>                        |                         |                          |
| Acquisition of Vehicles, Furniture, Fixtures, and Equipment        | <u>(71,739)</u>         | <u>(47,318)</u>          |
| <b>Net Cash Provided (Used) by Investing Activities</b>            | <u>(71,739)</u>         | <u>(47,318)</u>          |
| <b>Cash Flows From Financing Activities</b>                        |                         |                          |
| Draws on Line of Credit  | <u>20,000</u>           | <u>-</u>                 |
| <b>Net Cash Provided (Used) by Financing Activities</b>            | <u>20,000</u>           | <u>-</u>                 |
| Change in Cash, Cash Equivalents and Restricted Cash               | (540,099)               | 355,293                  |
| Cash, Cash Equivalents, and Restricted Cash at January 1,          | <u>613,507</u>          | <u>258,214</u>           |
| <b>Cash, Cash Equivalents, and Restricted Cash at December 31,</b> | <u><u>\$ 73,408</u></u> | <u><u>\$ 613,507</u></u> |
| <b>Supplemental Disclosures:</b>                                   |                         |                          |
| Interest Paid  | <u>\$ 1,103</u>         | <u>\$ -</u>              |

*See Notes to Financial Statements*

# ***ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018**

### ***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 nonprofit organization which provides counseling and education services to the local community. The Council derives most of its revenue from third party reimbursements, New York State, 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 (U.S. 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.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management estimates allowance for doubtful accounts based on historical collection rates. At December 31, 2019 and 2018, the Council reported an allowance for doubtful accounts of \$151,626 and \$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.

# ***ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018**

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

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP 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, 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. Unused balances in sick and vacation time are accrued at year end.

#### **Income Tax Status**

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

#### **Natural and Functional Expenses**

Natural expenses are defined by their nature, such as salaries, rent, and supplies. Functional expenses are classified by the type of activity for which expenses were incurred; for example, management, 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.

# ***ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018**

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

#### **Support and Revenue**

Annual contributions are generally available for use in general operations unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, which occurs when a stipulated time restriction ends or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statements of Activities as net assets released from restrictions. Performance obligations of the Council are typically satisfied as the service is rendered. Public support from Tompkins County is paid on a monthly basis as performance obligations are met. Other program service revenue is recognized as services are rendered. See Note 7 for further information on Program Services.

#### **Events Subsequent to Report Date**

The Council has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 17, 2020, the date which the financial statements were available to be issued.

#### **New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers" (Topic 606), effective for years beginning after December 15, 2018. This update supersedes existing revenue recognition guidance. Entities should now recognize revenue depicting the transfer of promised goods or services in a manner which reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, FASB issued ASU No. 2015-14. The purpose of this update was to defer the effective date of ASU No. 2014-09. Accordingly, the effective date for non-public entities is for years beginning after December 15, 2018, applied on a retrospective basis.

In June 2018, FASB issued ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958). This accounting standard is meant to help nonprofit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for resources provided. If the resource provider does receive commensurate value, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received from the resource provider, the transfer is a contribution. The effective date of this ASU is for years beginning after December 15, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those reporting periods.

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

#### **New Accounting Pronouncements - Continued**

In November 2016, FASB issued ASU 2016-18, "Statement of Cash Flows" (Topic 230). This ASU requires that a Statement of Cash Flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Statement of Cash Flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The effective date of this ASU is for years beginning after December 15, 2018.

During the year ended December 31, 2019, the Council adopted the above accounting pronouncements. Where applicable, the previously reported balances have been reclassified to conform to the new pronouncements. The adoption had no effect on the net asset balances previously reported.

### **Note 2 Concentration of Credit Risk**

The Council maintains its cash balances at a local financial institution. From time to time, the Council may have bank deposits in excess of the Federal Deposit Insurance Corporation insurance limits. There were no uninsured balances at December 31, 2019. At December 31, 2018, uninsured cash balances were \$384,919.

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

Other receivables consisted of the following at December 31,:

|                                | <u>2019</u>              | <u>2018</u>             |
|--------------------------------|--------------------------|-------------------------|
| Community Justice Center       | \$ 744                   | \$ 168                  |
| Drug Courts                    | 2,902                    | 863                     |
| Stop DWI Local Funding         | 11,250                   | -                       |
| OASAS Funding                  | 31,373                   | -                       |
| Tompkins County Local Funding  | 72,780                   |                         |
| Incentive Payment Program      | <u>31,839</u>            | <u>15,350</u>           |
| <b>Total Other Receivables</b> | <u><u>\$ 150,888</u></u> | <u><u>\$ 16,381</u></u> |

Promises to give of \$11,250 and \$8,750 consist entirely of United Way allocations and are considered fully collectible at December 31, 2019 and 2018, respectively. Management deems all other receivables fully collectible.

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### *Note 4* **Fixed Assets and Related Depreciation**

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

|                          | 2019                     |                                     |                          |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
|                          | <u>Cost</u>              | <u>Accumulated<br/>Depreciation</u> | <u>Book<br/>Value</u>    |
| Furniture and Equipment  | \$ 231,374               | \$ 185,499                          | \$ 45,875                |
| Leasehold Improvements   | 97,124                   | 35,161                              | 61,963                   |
| Construction in Progress | 72,698                   | -                                   | 72,698                   |
| <b>Total</b>             | <b><u>\$ 401,196</u></b> | <b><u>\$ 220,660</u></b>            | <b><u>\$ 180,536</u></b> |

  

|                          | 2018                     |                                     |                          |
|--------------------------|--------------------------|-------------------------------------|--------------------------|
|                          | <u>Cost</u>              | <u>Accumulated<br/>Depreciation</u> | <u>Book<br/>Value</u>    |
| Furniture and Equipment  | \$ 212,733               | \$ 151,751                          | \$ 60,982                |
| Leasehold Improvements   | 77,499                   | 27,729                              | 49,770                   |
| Construction in Progress | 39,225                   |                                     | 39,225                   |
| <b>Total</b>             | <b><u>\$ 329,457</u></b> | <b><u>\$ 179,480</u></b>            | <b><u>\$ 149,977</u></b> |

Depreciation expense amounted to \$41,180 and \$45,602 in 2019 and 2018, respectively.

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### 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.

#### 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 then 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>2019</u>              | <u>2018</u>              |
|--|--------------------------|--------------------------|
| United Way Grant (Time Restriction)  | \$ 7,500                 | \$ 7,500                 |
| Open Access (Time and Purpose Restriction)   | 93,893                   | 439,209                  |
| Foundation Source (Time and Purpose Restriction)                                     | 100,000                  | 50,000                   |
| OASAS Funding - Electronic Medical Records Project<br>(Time and Purpose Restriction) | 22,578                   | 22,578                   |
| Innovation Grant (Time and Purpose Restriction)                                      | <u>55,713</u>            | <u>108,159</u>           |
| <b>Total</b>   | <u><u>\$ 279,684</u></u> | <u><u>\$ 627,446</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 net assets released from restrictions amounted to \$517,762 and \$201,944 for the years ended December 31, 2019 and 2018, respectively.

### Note 6 Line of Credit

The Council maintains a line of credit in the amount of \$200,000 with an interest rate of 5.50% at a local financial institution which matures on June 5, 2020. There was an outstanding balance of \$20,000 at December 31, 2019. There was no outstanding balance at December 31, 2018.



# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### *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 - Activities include several programs meant to raise awareness within the community about the disease of addiction.
- 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 instructors approved by the New York State Department of Motor Vehicles.

### *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 2353 Triphammer, LLC (purchased from Blinder Property Company, LLC in March 2019) under a lease which commenced on December 1, 2018 for an eleven-year term through 2028. Lease payments amounted to \$390,336 and \$138,051 for the years ended December 31, 2019 and 2018, respectively.

Future minimum lease payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2020        | \$ 499,308    |
| 2021        | 407,631       |
| 2022        | 381,896       |
| 2023        | 389,534       |
| 2024        | 397,324       |
| 2024-2029   | 2,071,820     |

# ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### **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 \$32,017 and \$31,171 in 2019 and 2018, 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 2019 and 2018, program advertising and promotion costs reported within program expenses totaled \$11,614 and \$5,245, 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:

|   | <u>2019</u>             | <u>2018</u>             |
|---|-------------------------|-------------------------|
| <b>Financial Assets at Year End</b>                                   |                         |                         |
| Cash and Equivalents  | \$ 73,408               | \$ 613,507              |
| Accounts Receivable and Promises to Give                              | <u>288,733</u>          | <u>114,926</u>          |
| <b>Total Financial Assets Available Within One Year</b>               | <b>362,141</b>          | 728,433                 |
| <br>  |                         |                         |
| Net Assets With Donor Restrictions                                    | <b>279,684</b>          | 627,446                 |
| Board Designated Net Assets   | <u>60,800</u>           | <u>60,800</u>           |
| <b>Total Financial Assets Unavailable Within One Year</b>             | <b>340,484</b>          | <u>688,246</u>          |
| <br>  |                         |                         |
| <b>Total Financial Assets Available to Management Within One Year</b> | <b><u>\$ 21,657</u></b> | <b><u>\$ 40,187</u></b> |

The Council manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. The Council has a \$200,000 line of credit available to meet cash needs.

# ***ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018**

### ***Note 13* Subsequent Events**

On February 28, 2020, the Council purchased previously leased Detox and Stabilization Center from 2353 Triphammer, LLC (purchased from Blinder Property Company, LLC in March 2019). The purchase price totaled \$4,325,000. To finance this purchase, the Council took out a promissory note at a local financial institution totaling \$4,500,000 at an interest rate based on United States Prime Rate, as published by the *Wall Street Journal*, Eastern Edition.

Additionally, to aid in this purchase, the Council was awarded a grant in an amount up to \$5,597,000 through the Statewide Health Care Facility Transformation Program II. Funds are expected to be received in 2020.

In March 2020, the coronavirus outbreak was declared to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Council operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Council, the Council expects to experience disruptions to its programs, donors, and grantors, which could negatively impact the Council's operating results in future periods.

In April 2020, the Council applied for a Paycheck Protection Program loan in the amount of \$229,500 with the U.S Small Business Administration through Enterprise Bank & Trust. The loan was approved and funds were received on April 28, 2020. The Note may be forgiven, pursuant to and subject to, the terms of the Paycheck Protection Program as long as the proceeds are used for certain eligible costs during the 24-week period following receipt of the funding.