

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2020 and 2019**



Certified Public Accountants | Business Advisors

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. (the Council), which comprise the Statements of Financial Position as of December 31, 2020 and 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020 and 2019, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2021, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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
July 27, 2021

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash, Cash Equivalents, and Restricted Cash		
Unrestricted	\$ 136,108	\$ 67,987
Restricted	23,804	5,421
Total Cash, Cash Equivalents, and Restricted Cash	<u>159,912</u>	<u>73,408</u>
Receivables		
Other Receivables	63,751	150,888
Client Fees, Net	29,912	12,072
Medicaid, Net	74,710	46,678
Third Party, Net	88,311	67,845
Total Receivables	<u>256,684</u>	<u>277,483</u>
Promises to Give	15,000	11,250
Prepaid Expenses	104,489	145,918
Total Current Assets	<u>536,085</u>	<u>508,059</u>
Fixed Assets, Net	<u>4,761,665</u>	<u>180,536</u>
Total Assets	<u>\$ 5,297,750</u>	<u>\$ 688,595</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 21,849	\$ 83,617
Accrued Payroll	22,379	51,043
Line of Credit	42,717	20,000
Compensated Absences	58,404	48,395
Loan Payable - Paycheck Protection Program	229,500	-
Total Liabilities	<u>374,849</u>	<u>203,055</u>
Net Assets Without Donor Restrictions		
Fees for Service Receivable	192,933	126,595
Fixed Assets	4,761,665	180,536
Board Designated	60,800	60,800
Undesignated	(249,707)	(162,075)
Total Net Assets Without Donor Restrictions	<u>4,765,691</u>	<u>205,856</u>
Net Assets With Donor Restrictions	<u>157,210</u>	<u>279,684</u>
Total Net Assets	<u>4,922,901</u>	<u>485,540</u>
Total Liabilities and Net Assets	<u>\$ 5,297,750</u>	<u>\$ 688,595</u>

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
New York State OASAS	\$ 300,868	\$	\$ 300,868
Tompkins County:			
County General Fund	72,780		72,780
Community Justice Center	1,144		1,144
Stop DWI	15,000		15,000
Other Special Programs	-		-
Treatment Courts	11,402		11,402
Grants	450,391	27,500	477,891
Contributions	4,965,491		4,965,491
Net Assets Released from Restrictions	149,974	(149,974)	-
Total Public Support	5,967,050	(122,474)	5,844,576
Revenue			
Medicaid Reimbursements	523,927		523,927
Third Party Reimbursements	140,392		140,392
Client Fees	40,866		40,866
Interest Income	172		172
Program Revenues	43,782		43,782
Other Revenue	2,264		2,264
In-Kind Revenue	-		-
Total Revenue	751,403	-	751,403
Total Public Support and Revenue	6,718,453	(122,474)	6,595,979
Expenses			
Program Services:			
Clinic	1,333,461		1,333,461
DETOX	263,601		263,601
Education/Prevention	148,947		148,947
Impaired Driver Program	10,821		10,821
Total Program Services	1,756,830	-	1,756,830
Supporting Services:			
Management and General	354,942		354,942
Fundraising	46,846		46,846
Total Supporting Services	401,788	-	401,788
Total Expenses	2,158,618	-	2,158,618
Change in Net Assets	4,559,835	(122,474)	4,437,361
Net Assets, January 1,	205,856	279,684	485,540
Net Assets, December 31,	\$ 4,765,691	\$ 157,210	\$ 4,922,901

See Notes to Financial Statements

2019

Without Donor Restrictions	With Donor Restrictions	Total
\$ 321,925	\$	\$ 321,925
72,780		72,780
2,632		2,632
15,000		15,000
9,137		9,137
3,973		3,973
270,188	170,000	440,188
86,666		86,666
517,762	(517,762)	-
<u>1,300,063</u>	<u>(347,762)</u>	<u>952,301</u>
476,795		476,795
112,264		112,264
48,004		48,004
433		433
100,300		100,300
9,925		9,925
1,780		1,780
<u>749,501</u>	<u>-</u>	<u>749,501</u>
<u>2,049,564</u>	<u>(347,762)</u>	<u>1,701,802</u>
1,227,495		1,227,495
138,267		138,267
138,618		138,618
15,418		15,418
<u>1,519,798</u>	<u>-</u>	<u>1,519,798</u>
511,075		511,075
127,628		127,628
<u>638,703</u>	<u>-</u>	<u>638,703</u>
<u>2,158,501</u>	<u>-</u>	<u>2,158,501</u>
(108,937)	(347,762)	(456,699)
<u>314,793</u>	<u>627,446</u>	<u>942,239</u>
<u>\$ 205,856</u>	<u>\$ 279,684</u>	<u>\$ 485,540</u>

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Clinic</u>	<u>DETOX</u>	<u>Education/ Prevention</u>	<u>Impaired Driver Program</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses								
Salaries	\$ 748,003	\$ 10,153	\$ 99,852	\$ 7,803	\$ 865,811	\$ 87,136	\$ 34,390	\$ 987,337
Fringes	166,462	974	20,858	1,299	189,593	26,768	4,668	221,029
Program Expenses	6,397		602	1,444	8,443	75		8,518
IT and Telephone Expenses	70,203		10,838		81,041	8,581	1,442	91,064
Staff Development and Travel	9,182		175		9,357	25	30	9,412
Dues and Memberships	2,131		421	225	2,777	162	320	3,259
Insurance Expense	18,936		2,361		21,297	2,512		23,809
Interest Expense		40,393			40,393	1,448		41,841
Miscellaneous Expenses					-	975	1,796	2,771
Office Expenses	11,405		759		12,164	1,230	400	13,794
Contracted Services	124,759	172,637	569	50	298,015	34,700	3,800	336,515
Repairs and Maintenance	2,843				2,843	13,010		15,853
Utilities Expense	3,744				3,744	9,800		13,544
Equipment Expenses	111		14		125	14		139
Property Expenses	130,129	39,444	9,157		178,730	100,924		279,654
Depreciation	39,156		3,341		42,497	67,582		110,079
Total Expenses	1,333,461	263,601	148,947	10,821	1,756,830	354,942	46,846	2,158,618
Overhead Allocation	289,111	4,124	44,302	3,219	340,756	(354,942)	14,186	-
Total Functional Expenses	<u>\$ 1,622,572</u>	<u>\$ 267,725</u>	<u>\$ 193,249</u>	<u>\$ 14,040</u>	<u>\$ 2,097,586</u>	<u>\$ -</u>	<u>\$ 61,032</u>	<u>\$ 2,158,618</u>

See Notes to Financial Statements

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>Total</u>
	<u>Clinic</u>	<u>DETOX</u>	<u>Education/ Prevention</u>	<u>Impaired Driver Program</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	
Expenses								
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
Total Expenses	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	-
Total Functional Expenses	\$ 1,608,296	\$ 181,161	\$ 181,621	\$ 20,201	\$ 1,991,279	\$ -	\$ 167,222	\$ 2,158,501

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash Received from Grantors and Donors	\$ 5,679,091	\$ 813,809
Cash Received from Medicaid	495,895	472,395
Cash Received from Clients and Third Parties	142,952	122,698
Other Cash Receipts	295,090	113,923
Cash Paid to Suppliers	(901,944)	(856,843)
Cash Paid to Employees	<u>(1,185,589)</u>	<u>(1,154,342)</u>
Net Cash Provided (Used) by Operating Activities	<u>4,525,495</u>	<u>(488,360)</u>
Cash Flows From Investing Activities		
Acquisition of Fixed Assets	<u>(4,691,208)</u>	<u>(71,739)</u>
Net Cash Provided (Used) by Investing Activities	<u>(4,691,208)</u>	<u>(71,739)</u>
Cash Flows From Financing Activities		
Draws on Line of Credit	22,717	20,000
Proceeds from Loans	4,729,500	-
Payment of Loans	<u>(4,500,000)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>252,217</u>	<u>20,000</u>
Change in Cash, Cash Equivalents and Restricted Cash	86,504	(540,099)
Cash, Cash Equivalents, and Restricted Cash at January 1,	<u>73,408</u>	<u>613,507</u>
Cash, Cash Equivalents, and Restricted Cash at December 31,	<u>\$ 159,912</u>	<u>\$ 73,408</u>
Supplemental Disclosures:		
Interest Paid	<u>\$ 41,841</u>	<u>\$ 1,103</u>

See Notes to Financial Statements

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

***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, 2020 and 2019, the Council reported an allowance for doubtful accounts of \$393,665 and \$151,626.

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, 2020 AND 2019

***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.

Fixed Assets

The Council capitalizes all leasehold improvements and expenditures for furniture and equipment land and buildings in excess of \$1,000 and with useful lives greater than one year. Purchased fixed assets 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; buildings, 40 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, 2020 AND 2019

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 9 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 July 27, 2021, the date which the financial statements were available to be issued.

Future Changes in Accounting Standards

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2016-02, "Leases" (Topic 842). ASU No. 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for the year ending December 31, 2022. The Council is currently assessing the financial impact of this guidance on the financial statements.

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, 2020 or December 31, 2019.

Note 3 Other Receivables and Promises to Give

Other receivables consisted of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Community Justice Center	\$ 401	\$ 744
Drug Courts		2,902
Stop DWI Local Funding		11,250
OASAS Funding	37,607	31,373
Tompkins County Local Funding		72,780
Incentive Payment Program		31,839
New York State Department of Health	<u>25,743</u>	
Total Other Receivables	<u>\$ 63,751</u>	<u>\$ 150,888</u>

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 3 Other Receivables and Promises to Give - Continued

Promises to give of \$15,000 and \$11,250 consist entirely of United Way allocations and are considered fully collectible at December 31, 2020 and 2019, respectively. Management deems all other receivables fully collectible.

Note 4 Fixed Assets and Related Depreciation

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

	2020		
	Cost	Accumulated Depreciation	Book Value
Furniture and Equipment	\$ 243,595	\$ 205,624	\$ 37,971
Building	3,956,000	82,417	3,873,583
Land	369,000		369,000
Leasehold Improvements	97,124	42,698	54,426
Construction in Progress	426,685		426,685
Total	\$ 5,092,404	\$ 330,739	\$ 4,761,665
	2019		
	Cost	Accumulated Depreciation	Book Value
Furniture and Equipment	\$ 231,374	\$ 185,499	\$ 45,875
Leasehold Improvements	97,124	35,161	61,963
Construction in Progress	72,698		72,698
Total	\$ 401,196	\$ 220,660	\$ 180,536

Depreciation expense amounted to \$110,079 and \$41,180 in 2020 and 2019, respectively.

Note 5 Paycheck Protection Program

In April 2020, the Council applied for a Paycheck Protection Program (PPP) loan in the amount of \$229,500 with the U.S. Small Business Administration through the Tompkins Trust Company. The loan was approved and the funds were received on April 28, 2020. The Council has not applied for forgiveness of the loan as of the date of this report, and have recorded the balance as a liability. Subject to the terms and conditions applicable to loans administered by the Small Business Association under the PPP, the unforgiven portion of the PPP loan is payable over a two year period at an interest rate of 1.00%, with a deferral of payments of principal, interest, and fees until the date on which the SBA conveys the loan forgiveness amount to the lender (or notifies the lender that no loan forgiveness is allowed), provided the borrow applies for forgiveness within 10 months after the last day of the covered period (and if not, repayment shall commence 10 months after the last day of the covered period).

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 6 Debt

On February 28, 2020, the Council obtained a loan totaling \$4,500,000 at an interest rate of 4.5% to finance the purchase of the Council's Open Access Center. This loan was subsequently paid off during 2020 with proceeds from a contribution from the New York State Department of Health. Interest paid on the loan totaled \$38,241.

Note 7 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>2020</u>	<u>2019</u>
United Way Grant (Time Restriction)	\$ 10,000	\$ 7,500
Open Access (Time and Purpose Restriction)	24,632	93,893
Foundation Source (Time and Purpose Restriction)	100,000	100,000
OASAS Funding - Electronic Medical Records Project (Time and Purpose Restriction)	22,578	22,578
Innovation Grant (Time and Purpose Restriction)	<u> </u>	<u>55,713</u>
Total	<u><u>\$ 157,210</u></u>	<u><u>\$ 279,684</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 \$149,974 and \$517,762 for the years ended December 31, 2020 and 2019, respectively.

Note 8 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 April 5, 2021. There was an outstanding balance of \$42,717 at December 31, 2020. There was an outstanding balance of \$20,000 at December 31, 2019.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 9 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 10 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 leased 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. On February 28, 2020, the Council purchased previously leased Detox and Stabilization Center from 2353 Triphammer, LLC. Lease payments amounted to \$193,316 and \$390,336 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 33,223

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Note 11 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 \$36,226 and \$32,017 in 2020 and 2019, respectively.

Note 12 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 2020 and 2019, program advertising and promotion costs reported within program expenses totaled \$675 and \$11,614, respectively.

Note 13 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 14 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>2020</u>	<u>2019</u>
Financial Assets at Year End		
Cash and Equivalents	\$ 159,912	\$ 73,408
Accounts Receivable and Promises to Give	<u>271,684</u>	<u>288,733</u>
Total Financial Assets	<u>431,596</u>	<u>362,141</u>
Net Assets With Donor Restrictions	157,210	279,684
Board Designated Net Assets	<u>60,800</u>	<u>60,800</u>
Total Financial Assets Unavailable Within One Year	<u>218,010</u>	<u>340,484</u>
Total Financial Assets Available to Management Within One Year	<u>\$ 213,586</u>	<u>\$ 21,657</u>

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, 2020 AND 2019

***Note 15* Economic Uncertainty- COVID 19**

In March 2020, the COVID-19 coronavirus outbreak was declared 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. Although there is still uncertainty regarding what, if any, this will have on funding, the Council feels that it will be able to maintain operations in a fiscally sound manner.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Alcohol & Drug Council of Tompkins County, Inc. (the Council), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated July 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
July 27, 2021