

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2017 and 2016**



ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

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INDEPENDENT AUDITOR'S 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), a nonprofit organization, which comprise the Statements of Financial Position as of December 31, 2017 and 2016, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alcohol & Drug Council of Tompkins County, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully Submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 1, 2018

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ <u>258,214</u>	\$ <u>129,454</u>
Receivables:		
Other receivables	46,736	23,793
Client fees	8,414	4,209
Medicaid	62,022	101,856
Third party	<u>24,631</u>	<u>16,408</u>
Total Receivables	<u>141,803</u>	<u>146,266</u>
Promises to give	12,833	14,667
Prepaid expenses	<u>34,081</u>	<u>21,893</u>
Total Current Assets	446,931	312,280
Furniture, fixtures, and equipment, net of accumulated depreciation	<u>148,261</u>	<u>189,362</u>
Total Assets	\$ <u>595,192</u>	\$ <u>501,642</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 17,173	\$ 12,335
Accrued payroll	40,802	41,006
Deferred revenue	825	175
Compensated absences	<u>32,753</u>	<u>29,896</u>
Total Liabilities	<u>91,553</u>	<u>83,412</u>
Unrestricted Net Assets		
Fees for service receivable	95,067	122,473
Fixed assets	148,261	189,362
Board designated	60,800	45,600
Undesignated	<u>52,621</u>	<u>25,896</u>
Total Unrestricted Net Assets	356,749	383,331
Temporarily Restricted Net Assets	<u>146,890</u>	<u>34,899</u>
Total Net Assets	<u>503,639</u>	<u>418,230</u>
Total Liabilities and Net Assets	\$ <u>595,192</u>	\$ <u>501,642</u>

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2017		
	Unrestricted	Temporarily Restricted	Total
Public Support			
New York State OASAS	\$ 292,930	\$	\$ 292,930
Tompkins County:			
County General Fund	57,780		57,780
Community Justice Center	2,695		2,695
Stop DWI	15,000		15,000
Other special programs	9,077		9,077
Treatment courts	2,915		2,915
Grants	16,006	198,500	214,506
Contributions	24,477		24,477
Assets released from restrictions	86,509	(86,509)	-
Total Public Support	507,389	111,991	619,380
Revenue			
Medicaid reimbursements	774,810		774,810
Third party reimbursements	131,312		131,312
Client fees	87,729		87,729
Interest income	82		82
Program revenues	39,690		39,690
Other revenue	8,047		8,047
Total Revenue	1,041,670	-	1,041,670
Total Public Support and Revenue	1,549,059	111,991	1,661,050
Expenses			
Program Services:			
Clinic	1,273,514		1,273,514
DETOX	74,188		74,188
Education/Prevention	174,786		174,786
Impaired Driver Program	14,150		14,150
Total Program Services	1,536,638	-	1,536,638
Supporting Services:			
Fundraising	39,003		39,003
Total Supporting Services	39,003	-	39,003
Total Expenses	1,575,641	-	1,575,641
Change in Net Assets	(26,582)	111,991	85,409
Net Assets, January 1,	383,331	34,899	418,230
Net Assets, December 31,	\$ 356,749	\$ 146,890	\$ 503,639

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

2016		
Unrestricted	Temporarily Restricted	Total
\$ 319,563	\$	\$ 319,563
57,780		57,780
2,530		2,530
15,000		15,000
	8,423	8,423
3,295		3,295
58,316	62,194	120,510
17,498		17,498
73,250	(73,250)	-
<u>547,232</u>	<u>(2,633)</u>	<u>544,599</u>
733,989		733,989
92,347		92,347
60,825		60,825
60		60
47,229		47,229
667		667
<u>935,117</u>	<u>-</u>	<u>935,117</u>
<u>1,482,349</u>	<u>(2,633)</u>	<u>1,479,716</u>
1,231,051		1,231,051
		-
168,588		168,588
17,188		17,188
<u>1,416,827</u>	<u>-</u>	<u>1,416,827</u>
<u>10,660</u>		<u>10,660</u>
<u>10,660</u>	<u>-</u>	<u>10,660</u>
<u>1,427,487</u>	<u>-</u>	<u>1,427,487</u>
54,862	(2,633)	52,229
328,469	37,532	366,001
<u>\$ 383,331</u>	<u>\$ 34,899</u>	<u>\$ 418,230</u>

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
Overhead allocation	119,393		16,727	1,875	137,995	(144,195)	6,200	-
Total Expenses before Depreciation	1,238,382	74,188	166,655	14,150	1,493,375	-	39,003	1,532,378
Depreciation	35,132		8,131		43,263			43,263
Total Functional Expenses	\$ 1,273,514	\$ 74,188	174,786	\$ 14,150	\$ 1,536,638	\$ -	\$ 39,003	\$ 1,575,641

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

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

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

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 85,409	\$ 52,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,263	33,809
Loss on fixed asset disposal	101	-
(Increase) decrease in:		
Grants and fees receivable	4,463	(17,342)
Promises to give	1,834	2,211
Prepaid expenses	(12,188)	(2,408)
(Decrease) increase in:		
Accounts payable	4,838	(26,366)
Accrued payroll	(204)	9,624
Deferred revenue	650	175
Compensated absences	2,857	7,464
	<u>131,023</u>	<u>59,396</u>
Net Cash Provided by Operating Activities		
	<u>131,023</u>	<u>59,396</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	<u>(2,263)</u>	<u>(75,862)</u>
	<u>(2,263)</u>	<u>(75,862)</u>
Net Cash Used in Investing Activities		
	<u>(2,263)</u>	<u>(75,862)</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	128,760	(16,466)
Cash and Cash Equivalents, January 1,	<u>129,454</u>	<u>145,920</u>
Cash and Cash Equivalents, December 31,	\$ <u>258,214</u>	\$ <u>129,454</u>

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

Activity

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

Accounting Method

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

Financial Statement Presentation

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

Accounts Receivable

Management has recorded accounts receivable based on historical collection rates; therefore, no allowance for doubtful accounts has been recorded. Although not GAAP, no material difference exists between recording receivables based on historical collection rates and recording the full value with an allowance for doubtful accounts.

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.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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

Donated Property and Equipment

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

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, 2017 and 2016 is the liability at the Council's year end.

Income Tax Status

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

Expense Allocation

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

Contributions

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

Events Subsequent to Report Date

The Council has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 1, 2018, the date which the financial statements were available to be issued.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, uninsured cash balances were \$43,776 and \$-0-, respectively.

Note 3 Other Receivables and Promises to Give

Other receivables consisted of the following at December 31,:

	2017	2016
Community Justice Center	\$ 220	\$ 165
Drug courts	825	275
Tompkins County Mental Health	23,522	4,815
Stop DWI local funding	-	3,750
Delivery system reform incentive payment program	22,169	14,788
Total Other Receivables	\$ 46,736	\$ 23,793

Promises to give of \$12,833 and \$14,667 consist entirely of United Way allocations and are considered fully collectible at December 31, 2017 and 2016, respectively.

Note 4 Fixed Assets and Related Depreciation

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

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

Depreciation expense amounted to \$43,263 and \$33,809 in 2017 and 2016, respectively.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

Note 5 Net Assets

Unrestricted Net Assets

Management has disclosed unrestricted net assets 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 - Unrestricted net assets used for continuing operations.

Temporarily Restricted Net Assets

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

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

	<u>2017</u>	<u>2016</u>
United Way grant (time restriction)	\$ 11,000	\$ 11,000
MMC Grant	-	174
Legacy Grant	-	855
OASAS Funding - Electronic medical records project (time and purpose restriction)	22,578	22,870
Innovation Grant	<u>113,312</u>	<u>-</u>
Total	\$ <u>146,890</u>	\$ <u>34,899</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 \$86,509 and \$73,250 for the years ended December 31, 2017 and 2016, 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, 2018. There was no activity on the line of credit during 2017 and 2016, and there were no outstanding balances at December 31, 2017 and 2016.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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.
- BASICS - BASICS is a two session program that provides education about alcohol and other substances in an interactive, one-on-one environment. Referral to this program offers young people a unique combination of meeting mandated requirements while being challenged to examine their own history, values, and patterns of use of alcohol and other drugs. The focus of the program is to educate young people about the risks of use, to understand the distinction between use, abuse, and dependence, and to potentially self-identify an alcohol or other drug problem. This program is presented within education and prevention in the financial statements.
- Non-OASAS Contracts - Impaired Driver Program (IDP) - The Council administers the Impaired Driver Program in Tompkins County. The program is taught by New York State Department of Motor Vehicles approved instructors.

Note 8 **Lease Commitment**

The Council leases its facility from Tompkins County under a lease which commenced April 1, 2001, for a five-year term, and renewed April 1, 2006, 2011, and 2016, respectively, for five-year terms, with an increase of 2% each year through March 31, 2021. Lease payments amounted to \$124,608 and \$122,167 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

<u>Year</u>		<u>Amount</u>
2018	\$	127,106
2019		129,648
2020		132,242
2021		33,223

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

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 \$32,779 and \$30,278 in 2017 and 2016, 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 2017 and 2016, program advertising and promotion costs totaled \$5,531 and \$8,345, 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 **Subsequent Event**

Subsequent to year end, the Council was awarded and received a \$450,000 grant from the New York State Office of Alcoholism and Substance Abuse Services (OASAS) for the Open Access Program.