

**LONG ISLAND COUNCIL ON ALCOHOLISM AND
DRUG DEPENDENCE, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Long Island Council on Alcoholism and Drug Dependence, Inc.
Westbury, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Long Island Council on Alcoholism and Drug Dependence, Inc. ("LICADD"), which comprise the statements of financial position at 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Island Council on Alcoholism and Drug Dependence, Inc. at December 31, 2020 and 2019, and the changes in its net assets and 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 2 to the financial statements, Long Island Council on Alcoholism and Drug Dependence, Inc. adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09 effective January 1, 2020. Our opinion is not modified with respect to this matter.

Grassi & Co., CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
September 28, 2021

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 331,710	\$ 213,313
Investments	1,247,648	1,265,551
Contributions receivable, net	5,000	45,884
Contracts receivable, net	175,931	161,202
Prepaid expenses	1,500	8,943
	<u>1,761,789</u>	<u>1,694,893</u>
Total Current Assets		
PROPERTY AND EQUIPMENT, NET	<u>23,586</u>	<u>19,494</u>
OTHER ASSETS:		
Security deposits	<u>13,561</u>	<u>13,561</u>
TOTAL ASSETS	<u>\$ 1,798,936</u>	<u>\$ 1,727,948</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 35,188	\$ 93,871
Contract liabilities	42,405	54,180
Refundable advance	170,658	-
Current portion of loan payable	3,953	-
	<u>252,204</u>	<u>148,051</u>
Total Current Liabilities		
NONCURRENT LIABILITIES:		
Loan payable, net of current portion	<u>146,047</u>	<u>-</u>
TOTAL LIABILITIES	<u>398,251</u>	<u>148,051</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	194,177	436,180
With donor restrictions:		
Purpose restricted	188,765	188,765
Endowments	1,017,743	954,952
	<u>1,400,685</u>	<u>1,579,897</u>
Total Net Assets		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,798,936</u>	<u>\$ 1,727,948</u>

The accompanying notes are an integral part of these financial statements.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowments			Purpose Restricted	Endowments	
REVENUES AND GAINS:								
Contributions and grants	\$ 114,255	\$ -	\$ -	\$ 114,255	\$ 34,731	\$ -	\$ -	\$ 34,731
Special events	382,166	-	-	382,166	725,499	-	-	725,499
Less: Direct cost of special events	(61,964)	-	-	(61,964)	(184,673)	-	-	(184,673)
Program service revenue	266,028	-	-	266,028	418,592	-	-	418,592
Grant revenue	340,702	-	-	340,702	240,636	-	-	240,636
Investment income, net	19,821	-	62,791	82,612	38,931	-	84,631	123,562
Other income	59,739	-	-	59,739	-	-	-	-
Total Revenues and Gains	<u>1,120,747</u>	<u>-</u>	<u>62,791</u>	<u>1,183,538</u>	<u>1,273,716</u>	<u>-</u>	<u>84,631</u>	<u>1,358,347</u>
EXPENSES:								
Program service:								
Alcoholism and substance abuse services	781,364	-	-	781,364	792,084	-	-	792,084
Supporting services:								
Management and general	275,478	-	-	275,478	347,307	-	-	347,307
Fundraising	305,908	-	-	305,908	292,241	-	-	292,241
Total Expenses	<u>1,362,750</u>	<u>-</u>	<u>-</u>	<u>1,362,750</u>	<u>1,431,632</u>	<u>-</u>	<u>-</u>	<u>1,431,632</u>
CHANGE IN NET ASSETS	(242,003)	-	62,791	(179,212)	(157,916)	-	84,631	(73,285)
NET ASSETS, BEGINNING OF YEAR	<u>436,180</u>	<u>188,765</u>	<u>954,952</u>	<u>1,579,897</u>	<u>594,096</u>	<u>188,765</u>	<u>870,321</u>	<u>1,653,182</u>
NET ASSETS, END OF YEAR	<u>\$ 194,177</u>	<u>\$ 188,765</u>	<u>\$ 1,017,743</u>	<u>\$ 1,400,685</u>	<u>\$ 436,180</u>	<u>\$ 188,765</u>	<u>\$ 954,952</u>	<u>\$ 1,579,897</u>

The accompanying notes are an integral part of these financial statements.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Service	Supporting Services				Total
	Alcoholism and Substance Abuse Services	Management and General	Fundraising	Direct Cost of Special Events		
Payroll and related expenses	\$ 583,524	\$ 128,286	\$ 250,936	\$ -	\$ 962,746	
Utilities	7,892	1,714	3,394	-	13,000	
Telephone	8,348	1,141	2,261	-	11,750	
Advertising and promotions	5,001	2,587	-	-	7,588	
Credit card fees	-	7,237	-	-	7,237	
Computer expense	25,093	16,205	16,670	-	57,968	
Depreciation	-	6,943	-	-	6,943	
Dues and subscriptions	-	838	-	-	838	
Education and training	1,246	-	-	-	1,246	
Equipment rental	8,014	1,740	3,446	-	13,200	
Fees and expenses	-	4,386	-	-	4,386	
Contributions	-	1,550	-	-	1,550	
Fundraising event expenses	-	-	-	61,964	61,964	
Insurance	-	20,483	-	-	20,483	
Postage and delivery	-	-	7,346	-	7,346	
Printing and reproduction	18,661	638	-	-	19,299	
Professional fees	2,440	65,106	-	-	67,546	
Rent	68,302	10,964	21,718	-	100,984	
Travel	1,500	-	-	-	1,500	
Contract services	319	69	137	-	525	
Office expenses	-	4,140	-	-	4,140	
Miscellaneous	-	1,326	-	-	1,326	
Bad debt	51,024	-	-	-	51,024	
Repair and maintenance	-	125	-	-	125	
Total expenses	781,364	275,478	305,908	61,964	1,424,714	
Less: Direct cost of special events	-	-	-	(61,964)	(61,964)	
Total expenses reported by function on the statement of activities	\$ 781,364	\$ 275,478	\$ 305,908	\$ -	\$ 1,362,750	

The accompanying notes are an integral part of these financial statements.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Service	Supporting Services			Total
	Alcoholism and Substance Abuse Services	Management and General	Fundraising	Direct Cost of Special Events	
Payroll and related expenses	\$ 646,383	\$ 148,571	\$ 207,429	\$ -	\$ 1,002,383
Utilities	5,980	5,850	1,170	-	13,000
Telephone	9,767	2,464	967	-	13,198
Credit card fees	-	2,158	7,317	-	9,475
Computer expense	28,135	12,313	18,374	-	58,822
Depreciation	-	6,477	-	-	6,477
Dues and subscriptions	139	25	747	-	911
Education and training	314	-	-	-	314
Equipment rental	6,806	4,846	1,522	-	13,174
Management fees	-	47,236	-	-	47,236
Fees and expenses	688	548	2,849	-	4,085
Contributions	800	3,900	950	-	5,650
Insurance	-	14,685	-	-	14,685
Postage and delivery	500	1,521	8,886	-	10,907
Printing and reproduction	4,179	1,545	28,711	-	34,435
Professional fees	8,773	41,549	900	-	51,222
Rent	40,639	40,080	7,841	-	88,560
Travel	11,006	1,725	3,048	-	15,779
Office expenses	5,818	6,349	1,348	-	13,515
Payroll service fees	-	3,852	-	-	3,852
Miscellaneous	75	1,613	182	-	1,870
Bad debt	22,082	-	-	-	22,082
Food, catering and entertainment	-	-	-	184,673	184,673
Total expenses	792,084	347,307	292,241	184,673	1,616,305
Less: Direct cost of special events	-	-	-	(184,673)	(184,673)
Total expenses reported by function on the statement of activities	\$ 792,084	\$ 347,307	\$ 292,241	\$ -	\$ 1,431,632

The accompanying notes are an integral part of these financial statements.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (179,212)	\$ (73,285)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,943	6,477
Bad debt expense	51,024	22,082
Realized gains on investments	-	(30,560)
Unrealized gains on investments	(63,506)	(67,040)
Changes in assets (increase) decrease:		
Contributions receivable	(10,140)	54,832
Contracts receivable	(14,729)	(68,508)
Prepaid expenses	7,443	5,329
Changes in liabilities (decrease) increase:		
Accounts payable and accrued expenses	(58,683)	22,247
Contract liabilities	(11,775)	(1,762)
	<u>(272,635)</u>	<u>(130,188)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(11,035)	(4,417)
Proceeds from sales of investments	100,000	1,199,904
Purchases of investments	(18,591)	(1,225,367)
	<u>70,374</u>	<u>(29,880)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from refundable advance	170,658	-
Proceeds from loan payable	150,000	-
	<u>320,658</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	118,397	(160,068)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>213,313</u>	<u>373,381</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 331,710</u>	<u>\$ 213,313</u>

The accompanying notes are an integral part of these financial statements.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 - Nature and Purpose of Organization

Established in 1956, Long Island Council on Alcoholism and Drug Dependence, Inc. ("LICADD") is a nonprofit organization dedicated to the prevention of drug and alcohol abuse and the promotion of recovery from addiction. For over 60 years, LICADD has successfully delivered a wide range of evidence-based programs designed to prevent and treat substance abuse and addiction and has built a stellar reputation as a community leader and partner to treatment providers, faith-based organizations and government agencies across the region. LICADD is the leading expert in chemical dependency evaluation and treatment placements on Long Island. With offices in Westbury, Hauppauge and Riverhead, New York, LICADD is positioned to provide easy access to a continuum of supportive services to the community. LICADD offers crisis intervention, screening, brief intervention and referrals to treatment ("SBIRT") and family-based interventions to local residents struggling with addiction. LICADD's prevention programs include the Too Good for Drugs program, parent workshops, alcohol education classes and professional training. LICADD continues to lead the fight to erase the stigma of the disease of addiction and has successfully rallied young people in recovery to increase public attention to addiction. The agency's Open Arms Employee Assistance Program ("EAP") serves thousands of employees and their families annually providing confidential assistance, supervisory training and critical incident stress debriefing ("CISD"). LICADD's primary sources of revenue are contributions, grants and special events.

LICADD is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

On July 31, 2015, LICADD entered into a Member Substitution agreement with Family and Children's Association ("FCA") in which FCA became the sole member of LICADD. As of September 30, 2019, FCA and LICADD entered into a separation agreement in which FCA withdrew as sole corporate member of LICADD.

Note 2 - Summary of Significant Accounting Policies

Changes in Accounting Principles

ASU No. 2014-09

Effective January 1, 2020, LICADD adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") using a modified retrospective method of adoption to all contracts with customers at January 1, 2020. ASU 2014-09 requires LICADD to recognize revenue to depict the provisions of clinical and EAP services that reflect the consideration to which LICADD expects to be entitled in exchange for those services. The amount to which LICADD expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing the services. Because contracts are generally complete within one year, LICADD used the actual transaction price rather than estimating variable consideration amounts for contracts completed during the year ended December 31, 2020.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include highly liquid investments with initial maturities when acquired of three months or less.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a framework for measuring fair value is used which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*, are described as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

See Note 4 for assets measured at fair value at December 31, 2020 and 2019 in accordance with FASB ASC Topic 820.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the FASB ASC. Gains and losses on the sale of investments and investment income are recorded as increases and decreases in net assets without donor restrictions unless their use is restricted by donor stipulations.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. LICADD does not accrue interest on past due receivables. All contributions receivable are due within one year at December 31, 2020 and 2019.

Allowance for Doubtful Accounts

LICADD determines whether an allowance for uncollectible accounts should be provided for receivables. Such estimates are based on management's assessment of the aged basis and other sources, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2020 and 2019, management has estimated the allowance for doubtful accounts to be \$22,082 and \$26,482 for contracts receivable and \$0 and \$4,400 for contributions receivable, respectively. Contracts receivable at December 31, 2020, December 31, 2019 and January 1, 2019 are \$175,931, \$161,202, and \$92,694, respectively.

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized when they exceed \$1,000 and have a useful life of over one year, and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Gifts-in-kind are recorded at fair value at the date of donation.

Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives as follows:

Computer and office equipment	3 to 5 years
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LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets at December 31, 2020 and 2019.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third-party payors for LICADD contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for LICADD contracts for services not yet performed that are expected to be performed within the next fiscal year. Contract liabilities relating to membership dues as of December 31, 2020, December 31, 2019 and January 1, 2019 are \$42,405, \$54,180, and \$55,942, respectively.

Net Assets

Net assets without donor restrictions include funds having no restrictions as to use or purpose imposed by donors. Net assets with donor restrictions include purpose restricted net assets whose use has been restricted by donors to a specific time period or purpose.

Revenue Recognition

Clinic Services

LICADD receives funding from various government agencies to provide training and counseling services to individuals to help prevent and treat substance abuse and addiction. Clinic services are recognized as the services are provided based on hourly rates. Clinic service revenue is reported at the amount that reflects the consideration to which LICADD expects to be entitled in exchange for providing the support and services. LICADD bills individuals after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed, and revenue is recognized on the date of service, which is the date LICADD expects to be entitled to consideration in exchange for the service performed. Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied over time, on a monthly basis, as the services are provided.

Open Arms Employee Assistance Program

LICADD receives funding from various government agencies and companies, to provide confidential assistance, supervisory training and CISD to employees and their families. EAP services are charged annually and recognized as revenue is earned ratably over the contract term. EAP services received that relate to future periods are recorded as contract liabilities until the subsequent period when they are earned. As these performance obligations are similar in nature, LICADD has elected to use the portfolio approach.

EAP service revenue is reported at the amount that reflects the consideration to which LICADD expects to be entitled in exchange for providing the support and services. LICADD bills the agencies after the services are performed or they have completed their portion of the contract.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

Open Arms Employee Assistance Program (cont'd.)

Receivables are due in full when billed, and revenue is recognized as performance obligations are satisfied over time, on a monthly basis, as the services are provided.

Government Grants and Contracts

Support funded by government contracts is recognized as LICADD meets the conditions prescribed by the contract, performs the contracted services or incurs outlays eligible for reimbursement under the contracts. As the conditions are met, LICADD simultaneously releases the government contracts and they are reflected as without donor restrictions. Contract activities and outlays are subject to audit and acceptance by the funding agency and, as a result of such audit, adjustments could be required.

Contributions

LICADD reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<u>Conditional gifts, with or without restrictions</u>	
Gifts and grants that depend on LICADD overcoming a donor-imposed barrier to entitled to the funds	Not recognized until the gift becomes unconditional i.e., the donor-imposed barrier is met
<u>Unconditional gifts and grants, with or without donor restrictions</u>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

Revenue Recognition (cont'd.)

Contributions (cont'd.)

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived asset must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Operating Leases

Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent is recognized for the difference between the cash payment and rent expense.

Functional Reporting

The costs of providing LICADD's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and related expenses have been allocated based on estimates of time and effort. All other costs are directly charged based on the nature of the expense.

Accounting for Uncertainty in Income Taxes

LICADD has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. LICADD is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. LICADD believes that it is no longer subject to income tax examinations for tax years prior to 2017.

New Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU is the result of a joint project of the FASB and the International Accounting Standards Board ("IASB") to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for U.S. GAAP and International Financial Reporting Standards ("IFRS"). The guidance in this ASU affects any entity that enters into a lease (as that term is defined in this ASU), with some specified scope exemptions. The guidance in this ASU will supersede FASB ASC Topic 840, *Leases*.

The ASU provides that lessees should recognize lease assets and lease liabilities on the balance sheet for leases previously classified as operating leases that exceed 12 months, including leases existing prior to the effective date of this ASU. It also calls for enhanced leasing arrangement disclosures.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (cont'd.)

New Accounting Pronouncement (cont'd.)

ASU No. 2016-02 (cont'd.)

For private not-for-profit entities, the amendments of ASU No. 2016-02 are effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022, based on the decision in ASU No. 2020-05 to defer the implementation dates. Early application is permitted for all entities.

LICADD has not yet determined if this ASU will have a material effect on its financial statements.

Note 3 - Concentration of Credit Risk

LICADD maintains cash balances in several financial institutions, which balances are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per institution. From time to time, LICADD's balances may exceed these limits.

Note 4 - Fair Value Measurement

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2020 and 2019.

Cash and cash equivalents, fixed income funds and equity funds are stated at fair value using Level 1 inputs based on quoted market prices of identical securities and are deemed to be actively traded.

The following table presents the assets measured at fair value on a recurring basis:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,439	\$ 19,905
Fixed income funds	846,874	882,139
Equity funds	<u>391,335</u>	<u>363,507</u>
	<u>\$ 1,247,648</u>	<u>\$ 1,265,551</u>

Note 5 - Property and Equipment

Property and equipment, net, at December 31, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Computer and office equipment	\$ 62,527	\$ 51,492
Less: Accumulated depreciation	<u>38,941</u>	<u>31,998</u>
	<u>\$ 23,586</u>	<u>\$ 19,494</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$6,943 and \$6,477, respectively.

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Note 6 - Pension Plan

401(a) Plan

Through September 30, 2019, LICADD employees participated in a defined contribution plan sponsored by FCA. Pension expense for the years ended December 31, 2020 and 2019 was approximately \$0 and \$24,000, respectively. Due to the disassociation from FCA, LICADD is no longer participating in the 401(a) Plan.

403(b) Plan

LICADD sponsors a defined contribution pension plan for all employees. Pension expense for the years ended December 31, 2020 and 2019 was approximately \$14,000 and \$6,000, respectively.

Note 7 - Loan Payable

In June 2020, LICADD entered into a \$150,000 loan agreement with the U.S. Small Business Administration ("SBA") under the Economic Injury Disaster Loan ("EIDL") program. In June 2021, equal monthly installments of principal and interest are scheduled to commence, which will include interest payable at the rate of 2.75% per annum. The loan is secured by a security interest in all of LICADD's assets and matures in June 2050.

Future maturities of the loan payable are as follows:

Years Ending December 31:

2021	\$ 3,953
2022	7,692
2023	7,692
2024	7,692
2025	7,692
Thereafter	<u>115,279</u>
	<u>\$ 150,000</u>

Note 8 - Refundable Advance

In May 2020, LICADD received a \$170,658 conditional payment from a financial institution under the Paycheck Protection Program ("PPP"), established by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") administered by the SBA with support from the Department of the Treasury. Under the terms of the CARES Act and the PPP, LICADD can apply for and be granted forgiveness for all or a portion of the proceeds issued to the extent they are used in accordance with the PPP. LICADD believes that its use of the proceeds during 2020 met the conditions for forgiveness under the PPP and expects that the funds derived from the program will be recorded as income when it is probable that forgiveness conditions have been met and upon approval from the SBA that the proceeds have been forgiven. During May 2021, LICADD was notified that they were granted full forgiveness by the SBA.

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Note 9 - Purpose Restricted Net Assets

Purpose restricted net assets are comprised of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Substance abuse program	\$ 13,765	\$ 13,765
Criminal justice and diversion programming	<u>175,000</u>	<u>175,000</u>
	<u>\$ 188,765</u>	<u>\$ 188,765</u>

Note 10 - Endowment Funds

General

LICADD's endowment consists of one individual donor-restricted endowment fund established to use for the labor associated with and management of alcoholism programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

LICADD interprets New York State Law, the New York Prudent Management of Institutional Funds Act ("NYPMIFA") requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, LICADD classifies net assets with donor restrictions at (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Currently, there are no provisions in donor gift instruments that provide for any other accumulations to the permanent endowments.

It is LICADD's policy that any remaining portion of the donor-restricted endowment fund, if any, that is not classified in endowment net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by NYPMIFA. The amounts appropriated for expenditure represent amounts that were spent within the year in satisfying the purpose restriction.

LICADD has considered the following factors in making a determination to appropriate donor-restricted endowment funds:

1. Duration of the fund
2. General purposes of the organization and the donor-restricted endowment funds
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the organization
7. Investment policy of the organization

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 NOTES TO FINANCIAL STATEMENTS
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Note 10 - Endowment Funds (cont'd.)

Return Objectives, Strategies Employed and Spending Policy

The objective of LICADD is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low risk investments. Investment income earned in relation to the endowment funds is recorded as income with donor restrictions based on the terms of the endowment agreement.

From time to time, certain donor-restricted endowment funds may have a fair value less than the amount required to be maintained by donors or by law. Management has interpreted NYPMIFA to permit prudent spending from underwater endowments.

Endowment Net Asset Composition by Type of Fund at December 31, 2020

	With Donor Restrictions		Total
	Original Donor Gift	Accumulated Earnings	
Endowment Fund	\$ 400,000	\$ 617,743	\$ 1,017,743

Changes in Endowment Net Assets for the Year Ended December 31, 2020

	With Donor Restrictions		Total
	Original Donor Gift	Accumulated Earnings	
Endowment net assets, beginning of year	\$ 400,000	\$ 554,952	\$ 954,952
Investment income, net	-	62,791	62,791
Endowment net assets, end of year	\$ 400,000	\$ 617,743	\$ 1,017,743

Endowment Net Asset Composition by Type of Fund at December 31, 2019

	With Donor Restrictions		Total
	Original Donor Gift	Accumulated Earnings	
Endowment Fund	\$ 400,000	\$ 554,952	\$ 954,952

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Note 10 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended December 31, 2019

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment net assets, beginning of year	\$ 400,000	\$ 470,321	\$ 870,321
Investment income, net	-	84,631	84,631
Endowment net assets, end of year	\$ 400,000	\$ 554,952	\$ 954,952

Note 11 - Commitments

Office Space Leases

LICADD leases office space at its headquarters in Nassau County, which expires at the end of August 2026. LICADD also leases office space for two locations in Suffolk County, which both operate under month-to-month agreements, and maintains a noncancellable lease agreement for equipment expiring December 2022.

At December 31, 2020, future minimum rental payments are as follows:

Years Ending December 31:

2021	\$ 94,947
2022	96,000
2023	87,818
2024	90,452
2025	93,166
Thereafter	63,501
	\$ 525,884

Rent expense for the years ended December 31, 2020 and 2019 totaled \$114,184 and \$95,101, respectively. Cash paid for rent for the years ended December 31, 2020 and 2019 amounted to \$116,607 and \$89,684, respectively.

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Note 12 - Contingencies

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact the recognition of investments, clinic services, open arms employee assistance program income, contribution income, and the collectability of receivables. Other financial impact could occur, though such potential impact is unknown at this time.

Note 13 - Liquidity and Availability of Resources

LICADD's financial assets as of December 31, 2020 and 2019, reduced by amounts not available within one year for general expenditures such as operating expenses and fixed asset purchases, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 331,710	\$ 213,313
Investments	1,247,648	1,265,551
Contributions receivable, net	5,000	45,884
Contracts receivable, net	175,931	161,202
Total financial assets	<u>1,760,289</u>	<u>1,685,950</u>
Less: Contractual or donor-imposed restrictions		
Purpose restricted	188,765	188,765
Endowment	<u>1,017,743</u>	<u>954,952</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 553,781</u>	<u>\$ 542,233</u>

As part of LICADD's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. LICADD's main source of liquidity is contributions and grants, and special event revenue. Although a portion of its investments is available for expenditure, it is not LICADD's intention to use investments for operating purposes.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
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Note 14 - Subsequent Events

LICADD has evaluated all events or transactions that occurred after December 31, 2020 through September 28, 2021, which is the date that the financial statements were available to be issued. During the period, there were no material subsequent events requiring disclosure, other than as disclosed in Note 8 and the following:

CARES Act Funding

In February 2021, LICADD received a \$178,596 conditional payment from a financial institution under the second draw of funding of the PPP, established by the CARES Act and administered by the SBA with support from the Department of the Treasury. Under the terms of the CARES Act and the PPP, LICADD can apply for and be granted forgiveness for all or a portion of the proceeds issued to the extent they are used in accordance with the PPP. At this time, LICADD believes that its use of the proceeds will meet the conditions for forgiveness under the PPP and expects the funds to be recorded as income when it is probable that forgiveness conditions have been met.