

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

Opinion

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 as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LICADD as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LICADD and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LICADD's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LICADD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LICADD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Grassi & Co, CPAs, P.C.

GRASSI & CO., CPAs, P.C.

New York, New York
August 25, 2022

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 582,784	\$ 331,710
Investments	1,324,342	1,247,648
Contributions and pledges receivable	29,027	5,000
Accounts receivable, net	195,268	175,931
Prepaid expenses	1,500	1,500
	<hr/>	<hr/>
Total Current Assets	2,132,921	1,761,789
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT, NET	16,698	23,586
	<hr/>	<hr/>
OTHER ASSETS:		
Security deposits	13,561	13,561
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,163,180</u>	<u>\$ 1,798,936</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 26,372	\$ 35,188
Contract liabilities	55,451	42,405
Refundable advance	-	170,658
Deferred rent	15,374	-
Current portion of loan payable	5,766	-
	<hr/>	<hr/>
Total Current Liabilities	102,963	248,251
	<hr/>	<hr/>
NONCURRENT LIABILITIES:		
Loan payable, net of current portion	144,234	150,000
	<hr/>	<hr/>
Total Liabilities	247,197	398,251
	<hr/>	<hr/>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	638,927	194,177
With donor restrictions:		
Purpose restricted	188,765	188,765
Endowments	1,088,291	1,017,743
	<hr/>	<hr/>
Total Net Assets	1,915,983	1,400,685
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,163,180</u>	<u>\$ 1,798,936</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, 2021 AND 2020

	2021				2020			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowments			Purpose Restricted	Endowments	
REVENUES AND GAINS:								
Contributions	\$ 489,040	\$ -	\$ -	\$ 489,040	\$ 114,255	\$ -	\$ -	\$ 114,255
Special events	755,254	-	-	755,254	382,166	-	-	382,166
Less: Direct cost of special events	(234,806)	-	-	(234,806)	(61,964)	-	-	(61,964)
Program service revenue	358,732	-	-	358,732	266,028	-	-	266,028
Government and foundational grants	342,233	-	-	342,233	340,702	-	-	340,702
Investment income, net	6,412	-	70,548	76,960	19,821	-	62,791	82,612
Other income	-	-	-	-	59,739	-	-	59,739
Total Revenues and Gains	1,716,865	-	70,548	1,787,413	1,120,747	-	62,791	1,183,538
EXPENSES:								
Program service:								
Alcoholism and substance abuse services	609,770	-	-	609,770	781,364	-	-	781,364
Supporting services:								
Management and general	297,103	-	-	297,103	275,478	-	-	275,478
Fundraising	365,242	-	-	365,242	305,908	-	-	305,908
Total Expenses	1,272,115	-	-	1,272,115	1,362,750	-	-	1,362,750
CHANGE IN NET ASSETS	444,750	-	70,548	515,298	(242,003)	-	62,791	(179,212)
NET ASSETS, BEGINNING OF YEAR	194,177	188,765	1,017,743	1,400,685	436,180	188,765	954,952	1,579,897
NET ASSETS, END OF YEAR	\$ 638,927	\$ 188,765	\$ 1,088,291	\$ 1,915,983	\$ 194,177	\$ 188,765	\$ 1,017,743	\$ 1,400,685

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, 2021

	Program Service	Supporting Services			
	Alcoholism and Substance Abuse Services	Management and General	Fundraising	Direct Cost of Special Events	Total
Payroll and related expenses	\$ 480,875	\$ 141,374	\$ 289,795	\$ -	\$ 912,044
Utilities	6,940	2,151	4,409	-	13,500
Telephone	7,263	2,065	4,233	-	13,561
Advertising and promotions	3,513	1,089	2,232	-	6,834
Credit card fees	-	11,058	-	-	11,058
Computer expense	20,744	8,280	20,063	-	49,087
Depreciation	-	10,595	-	-	10,595
Dues and subscriptions	-	627	-	-	627
Education and training	5,112	-	-	-	5,112
Equipment rental	6,302	1,953	4,004	-	12,259
Fees and expenses	-	1,228	-	-	1,228
Contributions	-	1,200	-	-	1,200
Fundraising event expenses	-	-	-	234,806	234,806
Insurance	-	24,449	-	-	24,449
Postage and delivery	-	-	3,678	-	3,678
Printing and reproduction	2,275	755	2,636	-	5,666
Professional fees	6,750	70,399	-	-	77,149
Rent	54,094	13,636	27,951	-	95,681
Travel	3,084	-	-	-	3,084
Contract services	1,953	605	1,241	-	3,799
Office expenses	-	3,767	-	-	3,767
Miscellaneous	-	1,862	-	-	1,862
Bad debt	10,865	-	5,000	-	15,865
Repair and maintenance	-	10	-	-	10
Total expenses	609,770	297,103	365,242	234,806	1,506,921
Less: Direct cost of special events	-	-	-	(234,806)	(234,806)
Total expenses reported by function on the statement of activities	\$ 609,770	\$ 297,103	\$ 365,242	\$ -	\$ 1,272,115

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			
	Alcoholism and Substance Abuse Services	Management and General	Fundraising	Direct Cost of Special Events	Total
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	<u>\$ 781,364</u>	<u>\$ 275,478</u>	<u>\$ 305,908</u>	<u>\$ -</u>	<u>\$ 1,362,750</u>

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 515,298	\$ (179,212)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,595	6,943
Bad debt expense	15,865	51,024
Deferred rent	15,374	-
Realized gains on investments	-	-
Forgiveness of debt - Paycheck Protection Program	(170,658)	-
Unrealized gains on investments	(60,171)	(63,506)
(Increase) decrease in assets:		
Contributions and pledges receivable	(39,892)	(10,140)
Contracts receivable	(19,337)	(14,729)
Prepaid expenses	-	7,443
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(8,816)	(58,683)
Contract liabilities	13,046	(11,775)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>271,304</u>	<u>(272,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,707)	(11,035)
Proceeds from sales of investments	-	100,000
Purchases of investments	(16,523)	(18,591)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(20,230)</u>	<u>70,374</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from refundable advance	-	170,658
Proceeds from loan payable	-	150,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>320,658</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	251,074	118,397
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>331,710</u>	<u>213,313</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 582,784</u>	<u>\$ 331,710</u>
NONCASH FINANCING ACTIVITIES:		
Forgiveness of debt - Paycheck Protection Program	<u>\$ 170,658</u>	<u>\$ -</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, 2021 AND 2020

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 65 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 and Hauppauge, 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 residents struggling with addiction. LICADD's prevention programs include the Too Good for Drugs program, life skills training program, parent workshops, substance education classes and professional training. LICADD continues to lead the fight to erase the stigma of the disease of addiction and has successfully rallied people in recovery to increase public attention to addiction. LICADD also provides dedicated support and counseling services to family members and loved ones of those managing addiction, including bereavement counseling, substance use interventions, and support groups. LICADD also partners with Gabriel's Giving Tree to assist families who have lost loved ones due to addiction to pay for funeral costs. 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.

Note 2 - Summary of Significant Accounting Policies

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.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 Financial Accounting Standards Board ("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, 2021 and 2020 in accordance with FASB ASC Topic 820.

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, 2021 and 2020.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Accounts Receivable and 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, 2021 and 2020, management has estimated the allowance for doubtful accounts to be \$22,082 for accounts receivable and \$0 for contributions receivable for both years.

Accounts receivable at December 31, 2021, December 31, 2020 and January 1, 2020 are \$195,268, \$175,931, and \$161,202, 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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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, 2021 and 2020.

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, 2021, December 31, 2020 and January 1, 2020 are \$55,451, \$42,405, and \$54,180, respectively.

Refundable Advance

LICADD recognizes assets received with conditions as refundable advances until the conditions have been substantially met or explicitly waived by the donor.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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

Clinical 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. Clinical services are recognized as the services are provided based on hourly rates. Clinical 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.

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.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Revenue Recognition (cont'd.)

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 be 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

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.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

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 2018.

New Accounting Pronouncement

ASU No. 2016-02

In February 2016, the FASB issued Accounting Standards Update ("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.

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.

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. Such 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.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 and 2020.

Cash and cash equivalents are valued at cost which approximates fair value due to its short-term maturity (Level 1). Fixed income funds are valued at using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Equity funds and fixed income funds comprised of mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by LICADD are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by LICADD are deemed to be actively traded. Equity funds and fixed income funds comprised of exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 15,140	\$ 9,439
Fixed income funds	795,567	846,874
Equity funds	513,635	391,335
	<u>\$ 1,324,342</u>	<u>\$ 1,247,648</u>

Note 5 - Property and Equipment

Property and equipment, net, at December 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Computer and office equipment	\$ 66,234	\$ 62,527
Less: Accumulated depreciation	49,536	38,941
	<u>\$ 16,698</u>	<u>\$ 23,586</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$10,595 and \$6,943, respectively.

Note 6 - Pension Plan

LICADD sponsors a defined contribution pension plan for all employees. Pension expense for the years ended December 31, 2021 and 2020 was approximately \$16,000 and \$13,000, respectively.

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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:

2022	\$ 5,766
2023	3,773
2024	3,878
2025	3,986
2026	4,097
Thereafter	<u>128,500</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. During January 2021, LICADD received full forgiveness by the SBA, for which the amount is recognized as contributions and grants on the statements of activities.

In February 2021, LICADD entered into a \$178,596 agreement with 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. In May 2021, LICADD was granted forgiveness for the full amount. As a result, the loan forgiveness is recognized as contributions and grants on the statements of activities for the year ended December 31, 2021.

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Note 9 - Purpose Restricted Net Assets

Purpose restricted net assets are comprised of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</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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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, 2021

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment Fund	\$ 400,000	\$ 688,291	\$ 1,088,291

Changes in Endowment Net Assets for the Year Ended December 31, 2021

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment net assets, beginning of year	\$ 400,000	\$ 617,743	\$ 1,017,743
Investment income, net	-	70,548	70,548
Endowment net assets, end of year	\$ 400,000	\$ 688,291	\$ 1,088,291

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

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

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Note 10 - Endowment Funds (cont'd.)

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

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
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	<u>\$ 400,000</u>	<u>\$ 617,743</u>	<u>\$ 1,017,743</u>

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, 2021, future minimum rental payments are as follows:

Years Ending December 31:

2022	\$ 96,000
2023	87,818
2024	90,452
2025	93,166
2026	63,501
	<u>\$ 430,937</u>

Rent expense for the years ended December 31, 2021 and 2020 totaled \$95,681 and \$100,984, respectively. Cash paid for rent for the years ended December 31, 2021 and 2020 amounted to \$80,307 and \$116,607, respectively.

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Note 12 - Contingencies

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the recognition of clinic services, open arms employee assistance program income, contribution income, and the collectability and valuation of receivables and investments. 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, 2021 and 2020, reduced by amounts not available within one year for general expenditures such as operating expenses and fixed asset purchases, are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 582,784	\$ 331,710
Investments	1,324,342	1,247,648
Contributions and pledges receivable, net	29,027	5,000
Contracts receivable, net	195,268	175,931
Total financial assets	<u>2,131,421</u>	<u>1,760,289</u>
Less: Contractual or donor-imposed restrictions		
Purpose restricted	188,765	188,765
Endowment	<u>1,088,291</u>	<u>1,017,743</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 854,365</u></u>	<u><u>\$ 553,781</u></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.

Note 14 - Subsequent Events

LICADD has evaluated all events or transactions that occurred after December 31, 2021 through August 25, 2022, which is the date that the financial statements were available to be issued. During the period, there were no material subsequent events requiring disclosure.