

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

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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
July 8, 2024

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 461,003	\$ 1,078,145
Investments	1,342,359	1,142,868
Contributions and pledges receivable	12,064	23,525
Accounts receivable, net	211,197	103,941
Prepaid expenses	1,600	1,500
Total Current Assets	<u>2,028,223</u>	<u>2,349,979</u>
PROPERTY AND EQUIPMENT, NET	<u>12,943</u>	<u>13,679</u>
OTHER ASSETS:		
Operating lease right-of-use assets	267,547	353,132
Security deposits	13,561	13,561
Total Other Assets	<u>281,108</u>	<u>366,693</u>
TOTAL ASSETS	<u>\$ 2,322,274</u>	<u>\$ 2,730,351</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 40,388	\$ 30,010
Contract liabilities	77,100	44,275
Current portion of operating lease liabilities	96,073	92,556
Current portion of loan payable	12,814	12,820
Total Current Liabilities	<u>226,375</u>	<u>179,661</u>
NONCURRENT LIABILITIES:		
Operating lease liabilities, net of current portion	187,265	274,802
Loan payable, net of current portion	477,679	479,763
Total Noncurrent Liabilities	<u>664,944</u>	<u>754,565</u>
Total Liabilities	<u>891,319</u>	<u>934,226</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	210,550	593,880
With donor restrictions:		
Purpose restricted	202,973	286,765
Endowment	1,017,432	915,480
Total Net Assets	<u>1,430,955</u>	<u>1,796,125</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,322,274</u>	<u>\$ 2,730,351</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, 2023 AND 2022

	2023				2022			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restricted	Endowment			Purpose Restricted	Endowment	
REVENUES AND GAINS (LOSSES):								
Contributions	\$ 107,196	\$ -	\$ -	\$ 107,196	\$ 183,306	\$ -	\$ -	\$ 183,306
Special events	817,304	-	-	817,304	804,511	-	-	804,511
Less: Direct cost of special events	(356,895)	-	-	(356,895)	(302,985)	-	-	(302,985)
Program service revenue	351,521	-	-	351,521	435,590	-	-	435,590
Government and foundational grants	280,397	-	-	280,397	250,133	130,000	-	380,133
Investment income (loss), net	52,649	-	101,952	154,601	(7,375)	-	(172,811)	(180,186)
Other income	147	-	-	147	-	-	-	-
Contributed professional services	25,589	-	-	25,589	30,948	-	-	30,948
Contributed fundraising event expenses	35,000	-	-	35,000	-	-	-	-
Net assets released from restrictions	83,792	(83,792)	-	-	32,000	(32,000)	-	-
Total Revenues and Gains (Losses)	1,396,700	(83,792)	101,952	1,414,860	1,426,128	98,000	(172,811)	1,351,317
EXPENSES:								
Program service:								
Alcoholism and substance abuse services	993,000	-	-	993,000	783,894	-	-	783,894
Supporting services:								
Management and general	323,938	-	-	323,938	327,941	-	-	327,941
Fundraising	463,092	-	-	463,092	359,340	-	-	359,340
Total Expenses	1,780,030	-	-	1,780,030	1,471,175	-	-	1,471,175
CHANGE IN NET ASSETS	(383,330)	(83,792)	101,952	(365,170)	(45,047)	98,000	(172,811)	(119,858)
NET ASSETS, BEGINNING OF YEAR	593,880	286,765	915,480	1,796,125	638,927	188,765	1,088,291	1,915,983
NET ASSETS, END OF YEAR	\$ 210,550	\$ 202,973	\$ 1,017,432	\$ 1,430,955	\$ 593,880	\$ 286,765	\$ 915,480	\$ 1,796,125

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, 2023

	Program Service	Supporting Services			
	Alcoholism and Substance Abuse Services	Management and General	Fundraising	Direct Cost of Special Events	Total
Payroll and related expenses	\$ 805,817	\$ 146,224	\$ 304,955	\$ -	\$ 1,256,996
Utilities	8,975	1,629	3,396	-	14,000
Telephone	8,893	1,437	3,309	-	13,639
Advertising and promotions	16,874	6,000	6,000	-	28,874
Credit card fees	5,046	-	3,415	-	8,461
Computer expenses	22,943	7,106	14,065	-	44,114
Depreciation	-	7,621	-	-	7,621
Dues and subscriptions	-	215	-	-	215
Education and training	4,555	-	-	-	4,555
Equipment rental	6,716	1,219	2,542	-	10,477
Fees and expenses	150	829	-	-	979
Interest expense	8,388	8,389	8,389	-	25,166
Contributions	-	6,365	-	-	6,365
Fundraising event expenses	-	-	-	356,895	356,895
Insurance	-	23,983	-	-	23,983
Postage and delivery	-	-	3,549	-	3,549
Printing and reproduction	-	-	7,023	-	7,023
Professional fees	2,513	85,437	-	-	87,950
Rent	68,235	9,900	20,648	-	98,783
Travel	15,290	-	-	-	15,290
Contract services	7,973	4,989	65,792	-	78,754
Office expenses	10,632	9,300	4,024	-	23,956
Miscellaneous	-	3,295	-	-	3,295
Bad debt	-	-	15,985	-	15,985
Total Expenses	993,000	323,938	463,092	356,895	2,136,925
Less: Direct cost of special events	-	-	-	(356,895)	(356,895)
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES	<u>\$ 993,000</u>	<u>\$ 323,938</u>	<u>\$ 463,092</u>	<u>\$ -</u>	<u>\$ 1,780,030</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, 2022

	Program Service	Supporting Services			
	Alcoholism and Substance Abuse Services	Management and General	Fundraising	Direct Cost of Special Events	Total
Payroll and related expenses	\$ 620,520	\$ 133,174	\$ 282,608	\$ -	\$ 1,036,302
Utilities	8,216	1,868	3,916	-	14,000
Telephone	7,247	1,648	3,454	-	12,349
Advertising and promotions	3,297	1,170	1,000	-	5,467
Credit card fees	-	18,126	-	-	18,126
Computer expense	26,187	6,775	9,696	-	42,658
Depreciation	-	11,337	-	-	11,337
Dues and subscriptions	-	1,962	-	-	1,962
Education and training	7,195	-	-	-	7,195
Equipment rental	9,166	2,084	4,368	-	15,618
Fees and expenses	-	804	-	-	804
Interest expense	2,657	2,657	2,657	-	7,971
Contributions	-	5,120	-	-	5,120
Fundraising event expenses	-	-	-	302,985	302,985
Insurance	-	21,792	-	-	21,792
Postage and delivery	-	-	3,451	-	3,451
Printing and reproduction	378	-	500	-	878
Professional fees	3,150	83,879	-	-	87,029
Rent	57,715	11,239	23,557	-	92,511
Travel	5,552	-	-	-	5,552
Contract services	30,306	3,036	13,372	-	46,714
Office expenses	-	10,796	-	-	10,796
Miscellaneous	-	10,474	-	-	10,474
Bad debt	-	-	10,761	-	10,761
Total Expenses	783,894	327,941	359,340	302,985	1,774,160
Less: Direct cost of special events	-	-	-	(302,985)	(302,985)
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES	<u>\$ 783,894</u>	<u>\$ 327,941</u>	<u>\$ 359,340</u>	<u>\$ -</u>	<u>\$ 1,471,175</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (365,170)	\$ (119,858)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	7,621	11,337
Bad debt expense	15,985	10,761
Deferred rent	-	(996)
Amortization of operating lease expense	85,585	88,909
Unrealized (gain) loss on investments	(108,560)	198,431
(Increase) decrease in assets:		
Contributions and pledges receivable	(4,524)	(13,742)
Accounts receivable	(107,256)	99,810
Prepaid expenses	(100)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	10,378	3,638
Contract liabilities	32,825	(11,176)
Operating lease liabilities	(84,020)	(89,061)
Net Cash (Used In) Provided By Operating Activities	<u>(517,236)</u>	<u>178,053</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,885)	(8,318)
Proceeds from sales of investments	350,000	-
Purchases of investments	(440,931)	(16,957)
Net Cash Used In Investing Activities	<u>(97,816)</u>	<u>(25,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan payable	-	350,000
Repayments on loan payable	(2,090)	(7,417)
Net Cash (Used In) Provided By Financing Activities	<u>(2,090)</u>	<u>342,583</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(617,142)	495,361
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,078,145</u>	<u>582,784</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 461,003</u>	<u>\$ 1,078,145</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 16,701</u>	<u>\$ 7,971</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, 2023 AND 2022

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. LICADD'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 taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

Adoption of ASU No. 2016-13

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU No. 2016-13.

On January 1, 2023, LICADD adopted the new accounting standard and all of the related amendments using the modified retrospective method. There was no impact in initially applying the new credit loss standard to its accounts receivables and to the opening balance of net assets.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 LICADD'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, 2023 and 2022 in accordance with FASB ASC Topic 820.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 and Pledges 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, 2023 and 2022.

LICADD determines whether an allowance for uncollectible amounts should be provided for contributions and pledges receivables. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions and past payment historical information. Contributions and pledges receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2023 and 2022, there was no allowance for doubtful accounts.

Accounts Receivable

Accounts receivable are presented in the statements of financial position net of any applicable allowance for credit losses. LICADD determines whether an allowance for credit losses should be provided for accounts receivables. Such estimates are based on management's assessment of the aged basis of its receivables, creditworthiness, other current or expected economic conditions and past payment historical information. Accounts receivables are written off against the allowance for credit losses when all reasonable collection efforts have been exhausted. At December 31, 2023 and 2022, management has estimated the allowance for credit losses to be \$1,000.

Accounts receivable at December 31, 2023, December 31, 2022 and January 1, 2022 amounted to \$211,197, \$103,941, and \$195,268, respectively.

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 classified as 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, 2023 and 2022 and January 1, 2022.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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 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, 2023, December 31, 2022 and January 1, 2022 amounted to \$77,100, \$44,275, and \$55,451, 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

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 LICADD expects to receive in exchange for providing the support and services. LICADD bills individuals after the services are performed or it has completed its portion of the contract. Revenue is due in full when billed. Revenue is recognized either on the date of service, which is the date LICADD expects to be entitled to consideration in exchange for the services performed, or as performance obligations are satisfied over time, on a monthly basis, as the services are provided.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Revenue Recognition (cont'd.)

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 LICADD expects to receive in exchange for providing the support and services. LICADD bills the agencies after the services are performed or it has completed its 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.

In-Kind Contributions

LICADD received contributed legal services of \$25,589 and \$30,948 for the years ended December 31, 2023 and 2022, respectively. The services did not bear any restrictions and were recognized for management and general purposes. The amounts recognized for the years ended December 31, 2023 and 2022 were based on fair value billing rates for similar services.

LICADD received a venue for gratis for one of its fundraising events of \$35,000 and \$0 for the years ended December 31, 2023, and 2022, respectively. The donated venue did not bear any restrictions and was recognized as part of contributed fundraising event expenses. The amounts recognized for the years ended December 31, 2023 and 2022 were based on venue costs for similar events.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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:

Nature of the Gift	Value Recognized
<u><i>Conditional gifts, with or without restrictions</i></u>	
Gifts 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><i>Unconditional gifts, with or without donor restrictions</i></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

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, 2023 AND 2022

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

Leases

Under FASB ASC Topic 842, *Leases* ("ASC 842"), LICADD applies a two-model approach to all leases in which LICADD is a lessee and classifies leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by LICADD. Lease classification is evaluated at the inception of the lease agreement. Regardless of classification, LICADD records a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

In order to calculate the lease liability, certain assumptions related to lease terms and discount rates are made. Renewal options are evaluated in the determination of lease terms. When available, LICADD uses the rate implicit in the lease or a borrowing rate based on similar debt to discount lease payments to present value. However, when a lease does not provide a readily determinable implicit rate, and LICADD's existing debt does not have similar terms, LICADD uses the U.S. Treasury rate constant maturity at each lease commencement date to discount lease payments. At December 31, 2023 and 2022, LICADD applied a discount rate in the range of 0.9%-2.7%.

LICADD recognizes amortization of the right-of-use assets separately from interest on the lease liability for all finance leases. Operating lease expense is recognized on a straight-line basis over the term of the lease.

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 2020.

Reclassification

Certain line items on the statement of functional expenses for the year ended December 31, 2022 have been reclassified to conform to the current year financial statement presentation. The reclassification had no effect on the net asset balance as of December 31, 2022.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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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. At December 31, 2023 and 2022, and from time to time during the years then ended, LICADD's balances have exceeded these limits.

During the year ended December 31, 2023, Federal and New York State regulators took steps to close LICADD's bank at the beginning of the fiscal year. The FDIC temporarily converted the bank to a bridge bank. The FDIC had entered into a purchase and assumption agreement with another bank for substantially all deposits and certain loan portfolios of LICADD's original bank. LICADD had full access to utilize its operating funds and draw down on the line of credit. During the year ended December 31, 2023, LICADD transferred its operating funds out of that bank into another bank.

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, 2023 and 2022.

Cash and cash equivalents are valued at cost, which approximates fair value due to its short-term maturity.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by LICADD are open-end or exchange-traded 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.

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents (Level 1)	\$ 13,793	\$ 10,103
Mutual funds (Level 1)		
Alternative asset funds	14,085	-
Fixed income funds	858,290	658,905
Equity funds	456,191	473,860
	<u>\$ 1,342,359</u>	<u>\$ 1,142,868</u>

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NOTES TO FINANCIAL STATEMENTS
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Note 5 - Property and Equipment

Property and equipment, net, at December 31, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Computer and office equipment	\$ 81,437	\$ 74,552
Less: Accumulated depreciation	<u>68,494</u>	<u>60,873</u>
	<u>\$ 12,943</u>	<u>\$ 13,679</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$7,621 and \$11,337, respectively.

Note 6 - 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 February 2022, LICADD and the SBA amended the agreement, revising the payment terms and granting LICADD an additional \$350,000. Equal monthly installments of principal and interest commenced in June 2022, which 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:

<u>Years Ending December 31:</u>	
2024	\$ 12,814
2025	13,208
2026	13,575
2027	13,952
2028	14,306
Thereafter	<u>422,638</u>
	<u>\$ 490,493</u>

Note 7 - Pension Plan

LICADD sponsors a defined contribution pension plan for all employees. Pension expense for the years ended December 31, 2023 and 2022 was approximately \$23,217 and \$18,700, respectively.

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NOTES TO FINANCIAL STATEMENTS
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Note 8 - Purpose Restricted Net Assets

Purpose restricted net assets are comprised of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Substance abuse program	\$ 13,765	\$ 13,765
Criminal justice and diversion programming	175,000	175,000
Communications	<u>14,208</u>	<u>98,000</u>
	<u>\$ 202,973</u>	<u>\$ 286,765</u>

Purpose restricted net assets were released from restrictions in 2023 and 2022 by incurring expenses satisfying the following:

	<u>2023</u>	<u>2022</u>
Communications	<u>\$ 83,792</u>	<u>\$ 32,000</u>

Note 9 - Endowment Fund

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"), as 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 that is not classified in endowment net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by LICADD 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.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 9 - Endowment Fund (cont'd.)

Interpretation of Relevant Law (cont'd.)

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

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, 2023

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment Fund	\$ 400,000	\$ 617,432	\$ 1,017,432

Changes in Endowment Net Assets for the Year Ended December 31, 2023

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment net assets, beginning of year	\$ 400,000	\$ 515,480	\$ 915,480
Investment income, net	-	101,952	101,952
Endowment net assets, end of year	\$ 400,000	\$ 617,432	\$ 1,017,432

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 9 - Endowment Fund (cont'd.)

Endowment Net Asset Composition by Type of Fund at December 31, 2022

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment Fund	<u>\$ 400,000</u>	<u>\$ 515,480</u>	<u>\$ 915,480</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2022

	With Donor Restrictions		
	Original Donor Gift	Accumulated Earnings	Total
Endowment net assets, beginning of year	\$ 400,000	\$ 688,291	\$ 1,088,291
Investment loss, net	<u>-</u>	<u>(172,811)</u>	<u>(172,811)</u>
Endowment net assets, end of year	<u>\$ 400,000</u>	<u>\$ 515,480</u>	<u>\$ 915,480</u>

Note 10 - Lease Commitments

LICADD's right-of-use assets and lease liabilities relate to office space.

Lease components in LICADD's leases are accounted for following the guidance in ASC 842 for the capitalization of long-term leases. At December 31, 2023 and 2022, the lease liability is equal to the present value of the remaining lease payments, discounted using the U.S. Treasury rate constant maturity at each lease commencement date.

Lease activity for the years ended December 31, 2023 and 2022, was as follows:

	<u>2023</u>	<u>2022</u>
Lease cost:		
Operating lease cost	<u>\$ 97,683</u>	<u>\$ 104,527</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 84,020</u>	<u>\$ 89,061</u>
Weighted-average remaining lease term - operating leases	<u>3 years</u>	<u>5 years</u>
Weighted-average discount rate - operating leases	<u>1.14%</u>	<u>1.79%</u>

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 10 - Lease Commitments (cont'd.)

Future minimum lease payments at December 31, 2023 are as follows:

Years Ending December 31:

2024	\$ 98,852
2025	101,566
2026	71,902
2027	8,400
2028	8,400
Total future minimum undiscounted lease payments	<u>289,120</u>
Less: amount representing interest	<u>5,782</u>
Present value of future payments	283,338
Less: Current lease liabilities	<u>96,073</u>
Long-term lease liabilities	<u><u>\$ 187,265</u></u>

Note 11 - Liquidity and Availability of Resources

LICADD's financial assets as of December 31, 2023 and 2022, reduced by amounts not available within one year for general expenditures such as operating expenses and fixed asset purchases, are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 461,003	\$ 1,078,145
Investments	1,342,359	1,142,868
Contributions and pledges receivable	12,064	23,525
Accounts receivable, net	<u>211,197</u>	<u>103,941</u>
Total financial assets	2,026,623	2,348,479
Less: Contractual or donor-imposed restrictions:		
Purpose restricted	202,973	286,765
Endowment	<u>1,017,432</u>	<u>915,480</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 806,218</u></u>	<u><u>\$ 1,146,234</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.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
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Note 12 - Contingencies

The Small Business Administration ("SBA") may undertake a review of a Paycheck Protection Program ("PPP") loan of any size greater than \$150,000 during the six-year period following forgiveness or repayment of the loan. If selected, the review would include the loan forgiveness application, as well as whether LICADD met the eligibility requirements of the PPP and received the proper loan amount. LICADD received a PPP loan in the amount of \$170,658 in May 2020 and received full forgiveness of the PPP loan in January 2021. LICADD received a second PPP loan of \$178,596 in February 2021 and received full forgiveness of the PPP loan in May 2021. LICADD is subject to an SBA review until January 2027 and May 2027, respectively, on the PPP loans. Whether LICADD will be selected for an SBA review, as well as the timing and outcome, is not yet known.

Note 13 - Subsequent Events

LICADD has evaluated all events or transactions that occurred after December 31, 2023 through July 8, 2024, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.