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

## FINANCIAL STATEMENTS

## DECEMBER 31, 2025 AND 2024

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# 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, 2025 and 2024, 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, 2025 and 2024, 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.

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**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.

Jericho, New York
July 13, 2026

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# LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
## STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 129,315 | $ 184,027 |
| Investments | 1,417,045 | 1,297,381 |
| Contributions and pledges receivable | 38,940 | 21,843 |
| Government grants receivable | 305,194 | 466,475 |
| Accounts receivable, net of allowance for credit losses of $1,000 in 2025 and 2024 | 21,145 | 27,900 |
| Prepaid expenses | - | 1,600 |
| Total Current Assets | 1,911,639 | 1,999,226 |
| PROPERTY AND EQUIPMENT, NET | 14,294 | 15,168 |
| OTHER ASSETS: | | |
| Operating lease right-of-use assets | 81,803 | 175,178 |
| Security deposits | 13,561 | 13,561 |
| Total Other Assets | 95,364 | 188,739 |
| TOTAL ASSETS | $ 2,021,297 | $ 2,203,133 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | $ 29,433 | $ 48,881 |
| Contract liabilities | 32,358 | 51,002 |
| Current portion of operating lease liabilities | 71,134 | 99,792 |
| Current portion of loan payable | 13,575 | 13,208 |
| Total Current Liabilities | 146,500 | 212,883 |
| NONCURRENT LIABILITIES: | | |
| Operating lease liabilities, net of current portion | 16,338 | 87,474 |
| Loan payable, net of current portion | 450,896 | 464,472 |
| Total Noncurrent Liabilities | 467,234 | 551,946 |
| Total Liabilities | 613,734 | 764,829 |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS: | | |
| Without donor restrictions | 213,032 | 339,291 |
| With donor restrictions: | | |
| Endowment | 1,194,531 | 1,099,013 |
| Total Net Assets | 1,407,563 | 1,438,304 |
| TOTAL LIABILITIES AND NET ASSETS | $ 2,021,297 | $ 2,203,133 |

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

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# LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
## STATEMENTS OF ACTIVITIES
## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | | | 2024 | | | |
|---|---|---|---|---|---|---|---|
| | | With Donor Restrictions | | | With Donor Restrictions | | |
| | Without Donor Restrictions | Endowment | Total | Without Donor Restrictions | Purpose Restricted | Endowment | Total |
| REVENUES AND GAINS: | | | | | | | |
| Contributions | $ 109,293 | $ - | $ 109,293 | $ 111,474 | $ - | $ - | $ 111,474 |
| Special events | 839,460 | - | 839,460 | 850,677 | - | - | 850,677 |
| Less: Direct cost of special events | (369,518) | - | (369,518) | (285,539) | - | - | (285,539) |
| Program service revenue | 332,388 | - | 332,388 | 353,894 | - | - | 353,894 |
| Government and foundational grants | 953,161 | - | 953,161 | 786,794 | - | - | 786,794 |
| Investment income, net | 27,641 | 95,518 | 123,159 | 22,448 | - | 81,581 | 104,029 |
| Net assets released from restrictions | - | - | - | 202,973 | (202,973) | - | - |
| Total Revenues and Gains | 1,892,425 | 95,518 | 1,987,943 | 2,042,721 | (202,973) | 81,581 | 1,921,329 |
| EXPENSES: | | | | | | | |
| Program service: | | | | | | | |
| Alcoholism and substance abuse services | 1,150,625 | - | 1,150,625 | 1,104,183 | - | - | 1,104,183 |
| Supporting services: | | | | | | | |
| Management and general | 348,499 | - | 348,499 | 310,270 | - | - | 310,270 |
| Fundraising | 519,560 | - | 519,560 | 499,527 | - | - | 499,527 |
| Total Expenses | 2,018,684 | - | 2,018,684 | 1,913,980 | - | - | 1,913,980 |
| CHANGE IN NET ASSETS | (126,259) | 95,518 | (30,741) | 128,741 | (202,973) | 81,581 | 7,349 |
| NET ASSETS, BEGINNING OF YEAR | 339,291 | 1,099,013 | 1,438,304 | 210,550 | 202,973 | 1,017,432 | 1,430,955 |
| NET ASSETS, END OF YEAR | $ 213,032 | $ 1,194,531 | $ 1,407,563 | $ 339,291 | $ - | $ 1,099,013 | $ 1,438,304 |

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

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# LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2025

| | Program Service | Supporting Services | | | |
|---|---|---|---|---|---|
| | Alcoholism and Substance Abuse Services | Management and General | Fundraising | Direct Cost of Special Events | Total |
| Payroll and related expenses | $ 922,787 | $ 169,755 | $ 371,274 | $ - | $ 1,463,816 |
| Utilities | 8,826 | 1,624 | 3,551 | - | 14,001 |
| Telephone | 10,203 | 1,877 | 4,105 | - | 16,185 |
| Advertising and promotions | 6,950 | - | - | - | 6,950 |
| Credit card fees | 4,963 | - | 3,546 | - | 8,509 |
| Computer expenses | 22,312 | 34,311 | 12,795 | - | 69,418 |
| Depreciation | - | 3,434 | - | - | 3,434 |
| Dues and subscriptions | - | 1,644 | - | - | 1,644 |
| Education and training | 765 | - | - | - | 765 |
| Equipment rental | 8,467 | 1,558 | 3,406 | - | 13,431 |
| Fees and expenses | - | 529 | - | - | 529 |
| Interest expense | - | 13,190 | - | - | 13,190 |
| Contributions | - | 8,750 | - | - | 8,750 |
| Fundraising event expenses | - | - | - | 369,518 | 369,518 |
| Insurance | - | 24,690 | - | - | 24,690 |
| Postage and delivery | 826 | 902 | 483 | - | 2,211 |
| Printing and reproduction | 1,191 | 813 | 314 | - | 2,318 |
| Professional fees | 27,206 | 62,725 | - | - | 89,931 |
| Rent | 61,717 | 10,490 | 22,942 | - | 95,149 |
| Travel | 15,505 | - | - | - | 15,505 |
| Contract services | 52,745 | - | 69,248 | - | 121,993 |
| Office expenses/household/food | 6,162 | 7,178 | 2,479 | - | 15,819 |
| Miscellaneous | - | 5,029 | - | - | 5,029 |
| Bad debt | - | - | 25,417 | - | 25,417 |
| Total Expenses | 1,150,625 | 348,499 | 519,560 | 369,518 | 2,388,202 |
| Less: Direct cost of special events | - | - | - | (369,518) | (369,518) |
| TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES | $ 1,150,625 | $ 348,499 | $ 519,560 | $ - | $ 2,018,684 |

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

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# LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
## STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED DECEMBER 31, 2024

| | Program Service | Supporting Services | | | |
|---|---|---|---|---|---|
| | Alcoholism and Substance Abuse Services | Management and General | Fundraising | Direct Cost of Special Events | Total |
| Payroll and related expenses | $ 892,815 | $ 154,579 | $ 354,304 | $ - | $ 1,401,698 |
| Utilities | 8,917 | 1,544 | 3,539 | - | 14,000 |
| Telephone | 10,107 | 1,750 | 4,011 | - | 15,868 |
| Advertising and promotions | 4,847 | - | - | - | 4,847 |
| Credit card fees | 4,963 | - | 7,934 | - | 12,897 |
| Computer expense | 22,312 | 7,632 | 12,795 | - | 42,739 |
| Depreciation | - | 2,920 | - | - | 2,920 |
| Dues and subscriptions | - | 3,553 | - | - | 3,553 |
| Education and training | 7,397 | - | - | - | 7,397 |
| Equipment rental | 8,191 | 1,418 | 3,250 | - | 12,859 |
| Fees and expenses | - | 891 | - | - | 891 |
| Interest expense | - | 13,365 | - | - | 13,365 |
| Contributions | - | 12,157 | - | - | 12,157 |
| Fundraising event expenses | - | - | - | 285,539 | 285,539 |
| Insurance | - | 23,020 | - | - | 23,020 |
| Postage and delivery | - | - | 3,478 | - | 3,478 |
| Printing and reproduction | - | - | 3,731 | - | 3,731 |
| Professional fees | 1,500 | 61,646 | - | - | 63,146 |
| Rent | 62,310 | 9,975 | 22,863 | - | 95,148 |
| Travel | 15,863 | - | - | - | 15,863 |
| Contract services | 56,070 | 4,251 | 44,271 | - | 104,592 |
| Office expenses/household/food | 8,500 | 10,421 | 3,373 | - | 22,294 |
| Miscellaneous | 391 | 1,148 | - | - | 1,539 |
| Bad debt | - | - | 35,978 | - | 35,978 |
| Total Expenses | 1,104,183 | 310,270 | 499,527 | 285,539 | 2,199,519 |
| Less: Direct cost of special events | - | - | - | (285,539) | (285,539) |
| TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES | $ 1,104,183 | $ 310,270 | $ 499,527 | $ - | $ 1,913,980 |

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

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LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | $ (30,741) | $ 7,349 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 3,434 | 2,920 |
| Bad debt expense | 25,417 | 35,978 |
| Noncash lease expense | 93,375 | 92,369 |
| Realized and unrealized gain on investments | (88,938) | (65,763) |
| Changes in assets: | | |
| Contributions and pledges receivable | (42,514) | (45,757) |
| Government grants receivable | 161,281 | (293,273) |
| Accounts receivable, net | 6,755 | 10,095 |
| Prepaid expenses | 1,600 | - |
| Changes in liabilities: | | |
| Accounts payable and accrued expenses | (19,448) | 8,493 |
| Contract liabilities | (18,644) | (26,098) |
| Operating lease liabilities | (99,794) | (96,072) |
| Net Cash Used In Operating Activities | (8,217) | (369,759) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (2,560) | (5,145) |
| Proceeds from sales of investments | 155,000 | 150,000 |
| Purchases of investments | (185,726) | (39,259) |
| Net Cash (Used In) Provided By Investing Activities | (33,286) | 105,596 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayments on loan payable | (13,209) | (12,813) |
| Net Cash Used In Financing Activities | (13,209) | (12,813) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (54,712) | (276,976) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 184,027 | 461,003 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 129,315 | $ 184,027 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Cash paid for interest | $ 13,190 | $ 13,365 |

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

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## 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

### 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.

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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 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, 2025 and 2024 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 and Pledges Receivable and Government Grants Receivable

Unconditional promises to give and government grants receivable 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, 2025 and 2024.

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

Contributions and Pledges Receivable and Government Grants Receivable (cont'd.)

LICADD determines whether an allowance for uncollectible amounts should be provided for contributions and pledges receivables and government grants 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 and government grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2025 and 2024, there was no allowance for doubtful accounts.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable, net, 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, 2025 and 2024, management has estimated the allowance for credit losses to be $1,000.

Accounts receivable, net, at December 31, 2025, December 31, 2024 and January 1, 2024 amounted to $21,145, $27,900, and $37,995, 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, 2025, December 31, 2024 and January 1, 2024.

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

Contract Liabilities

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, 2025, December 31, 2024 and January 1, 2024 amounted to $32,358, $51,002, and $77,100, 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.

*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.

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

Revenue Recognition (cont'd.)

*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:

| Nature of the Gift | Value Recognized |
|---|---|
| *Conditional gifts, with or without restrictions* | |
| 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 |
| *Unconditional gifts, with or without donor restrictions* | |
| 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.

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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, 2025 and 2024, LICADD applied discount rates 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 2022.

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

Upcoming Accounting Pronouncement

In July 2025, the FASB issued Accounting Standards Update ("ASU") No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which amends the guidance in FASB ASC Subtopic 326-20 to simplify the estimation of expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). ASU No. 2025-05 introduces 1) a practical expedient allowing entities to assume that current conditions as of the statement of financial position date remain unchanged over the remaining life of the asset, and 2) an accounting policy election (available to non-public business entities) permitting consideration of subsequent cash collections after the statement of financial position date when estimating expected credit losses. The guidance is effective for all entities for fiscal years beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. LICADD is currently evaluating the impact of this ASU on its financial statements and related disclosures.

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 during the years ended December 31, 2025 and 2024, LICADD's balances have exceeded 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, 2025 and 2024.

*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 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.

*Exchange-traded funds* are valued at the closing price reported on the active market on which the funds are traded.

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Note 4 - Fair Value Measurement (cont'd.)

The following table presents LICADD's assets measured at fair value on a recurring basis at December 31, 2025:

| | 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents | $ 14,578 | $ - | $ - | $ 14,578 |
| Mutual funds | 625,423 | - | - | 625,423 |
| Exchange-traded funds | 777,044 | - | - | 777,044 |
| Total investments, at fair value | $1,417,045 | $ - | $ - | $1,417,045 |

The following table presents LICADD's assets measured at fair value on a recurring basis at December 31, 2024:

| | 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents | $ 20,615 | $ - | $ - | $ 20,615 |
| Mutual funds | 460,572 | - | - | 460,572 |
| Exchange-traded funds | 816,194 | - | - | 816,194 |
| Total investments, at fair value | $1,297,381 | $ - | $ - | $1,297,381 |

Note 5 - Property and Equipment

Property and equipment, net, at December 31, 2025 and 2024, consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Computer and office equipment | $ 89,142 | $ 86,582 |
| Less: Accumulated depreciation | 74,848 | 71,414 |
| | $ 14,294 | $ 15,168 |

Depreciation expense for the years ended December 31, 2025 and 2024 was $3,434 and $2,920, respectively.

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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:

| Years Ending December 31: | |
|---|---|
| 2026 | $ 13,575 |
| 2027 | 13,952 |
| 2028 | 14,306 |
| 2029 | 14,737 |
| 2030 | 15,146 |
| Thereafter | 392,755 |
| | $ 464,471 |

Note 7 - Pension Plan

LICADD sponsors a defined contribution pension plan for all employees. Pension expense for the years ended December 31, 2025 and 2024 was approximately $28,300 and $30,700, respectively.

Note 8 - Purpose Restricted Net Assets

LICADD had no purpose restricted net assets at December 31, 2025 and 2024.

Purpose restricted net assets were released from restrictions in 2025 and 2024 by incurring expenses satisfying the following:

| | 2025 | 2024 |
|---|---|---|
| Substance abuse program | $ - | $ 13,765 |
| Criminal justice and diversion programming | - | 175,000 |
| Communications | - | 14,208 |
| | $ - | $ 202,973 |

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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.

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.

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Note 9 - Endowment Fund (cont'd.)

Endowment Net Asset Composition by Type of Fund at December 31, 2025

| | With Donor Restrictions | | |
|---|---|---|---|
| | Original Donor Gift | Accumulated Earnings | Total |
| Endowment Fund | $ 400,000 | $ 794,531 | $ 1,194,531 |

Changes in Endowment Net Assets for the Year Ended December 31, 2025

| | With Donor Restrictions | | |
|---|---|---|---|
| | Original Donor Gift | Accumulated Earnings | Total |
| Endowment net assets, beginning of year | $ 400,000 | $ 699,013 | $ 1,099,013 |
| Investment income, net | - | 95,518 | 95,518 |
| Endowment net assets, end of year | $ 400,000 | $ 794,531 | $ 1,194,531 |

Endowment Net Asset Composition by Type of Fund at December 31, 2024

| | With Donor Restrictions | | |
|---|---|---|---|
| | Original Donor Gift | Accumulated Earnings | Total |
| Endowment Fund | $ 400,000 | $ 699,013 | $ 1,099,013 |

Changes in Endowment Net Assets for the Year Ended December 31, 2024

| | With Donor Restrictions | | |
|---|---|---|---|
| | Original Donor Gift | Accumulated Earnings | Total |
| Endowment net assets, beginning of year | $ 400,000 | $ 617,432 | $ 1,017,432 |
| Investment income, net | - | 81,581 | 81,581 |
| Endowment net assets, end of year | $ 400,000 | $ 699,013 | $ 1,099,013 |

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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, 2025 and 2024, 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. In April 2026, LICADD entered into an agreement to renew one of its office spaces for five years effective September 1, 2026, with monthly payments ranging from $7,948 to $9,214.

Lease activity for the years ended December 31, 2025 and 2024, was as follows:

| | 2025 | 2024 |
|---|---|---|
| Lease cost: | | |
| Operating lease cost | $ 93,375 | $ 92,369 |
| Other information: | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ 99,794 | $ 96,072 |
| Weighted-average remaining lease term - operating leases | 1.23 years | 1.98 years |
| Weighted-average discount rate - operating leases | 1.39% | 1.20% |

Future minimum lease payments at December 31, 2025 are as follows:

| Years Ending December 31: | |
|---|---|
| 2026 | $ 71,901 |
| 2027 | 8,400 |
| 2028 | 8,400 |
| Total future minimum undiscounted lease payments | 88,701 |
| Less: amount representing interest | 1,229 |
| Present value of future payments | 87,472 |
| Less: Current lease liabilities | 71,134 |
| Long-term lease liabilities | $ 16,338 |

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Note 11 - Liquidity and Availability of Resources

LICADD's financial assets as of December 31, 2025 and 2024, reduced by amounts not available within one year for general expenditures such as operating expenses and fixed asset purchases, are as follows:

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 129,315 | $ 184,027 |
| Investments | 1,417,045 | 1,297,381 |
| Contributions and pledges receivable | 38,940 | 21,843 |
| Government grants receivable | 305,194 | 466,475 |
| Accounts receivable, net | 21,145 | 27,900 |
| Total financial assets | 1,911,639 | 1,997,626 |
| Less: Contractual or donor-imposed restrictions: | | |
| Endowment | 1,194,531 | 1,099,013 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 717,108 | $ 898,613 |

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 12 - Contingencies

The 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, 2025 through July 13, 2026, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure, except as noted in Note 10.