

*ALCOHOL & DRUG COUNCIL OF
TOMPKINS COUNTY, INC.*

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2015 and 2014**



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Certified Public Accountants | Business Advisors

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alcohol & Drug Council
of Tompkins County, Inc.
Ithaca, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Alcohol & Drug Council of Tompkins County, Inc. (the Council), a nonprofit organization, which comprise the Statements of Financial Position as of December 31, 2015 and 2014, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the 2015 financial statements referred to above present fairly, in all material respects, the financial position of Alcohol & Drug Council of Tompkins County, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements as of December 31, 2014, were audited by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP, who merged with Insero & Co. CPAs, LLP as of January 1, 2016, and whose report dated May 7, 2015 expressed an unmodified opinion on those statements.

Respectfully Submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 20, 2016

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ <u>145,920</u>	\$ <u>148,107</u>
Receivables:		
Promises to give	16,878	20,000
Other receivables	23,358	27,855
Client fees	9,581	18,715
Medicaid	62,588	75,230
Third party	51,905	36,789
Total Receivables	<u>164,310</u>	<u>178,589</u>
Prepaid expenses	<u>19,485</u>	<u>25,748</u>
Total Current Assets	329,715	352,444
Furniture, fixtures, and equipment, net of accumulated depreciation	<u>147,309</u>	<u>114,009</u>
Total Assets	\$ <u>477,024</u>	\$ <u>466,453</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	38,701	33,235
Accrued payroll	31,382	29,781
Medicaid payable, current portion	-	21,603
Due to OASAS	-	16,033
Compensated absences	22,432	29,343
Total Current Liabilities	92,515	129,995
Long-term Liabilities:		
Medicaid payable, net of current portion	<u>-</u>	<u>5,099</u>
Total Liabilities	92,515	135,094
Unrestricted Net Assets:		
Client fees receivable	124,074	130,734
Fixed assets	147,309	114,009
Board Designated	30,400	15,200
Undesignated	45,194	31,251
Total Unrestricted Net Assets	346,977	291,194
Temporarily Restricted Net Assets	<u>37,532</u>	<u>40,165</u>
Total Net Assets	384,509	331,359
Total Liabilities and Net Assets	\$ <u>477,024</u>	\$ <u>466,453</u>

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2015		
	Unrestricted	Temporarily Restricted	Total
Public Support:			
New York State OASAS	\$ 317,512	\$	\$ 317,512
Tompkins County:			
County General Fund	57,780		57,780
Community Justice Center	2,400		2,400
Stop DWI	15,000		15,000
Other special programs	2,643		2,643
Treatment courts	2,725		2,725
United Way	15,000	14,467	29,467
Contributions	16,137		16,137
Assets released from restrictions	17,100	(17,100)	-
Total Public Support	446,297	(2,633)	443,664
Revenue:			
Medicaid reimbursements	765,169		765,169
Third party reimbursements	154,004		154,004
Client fees	59,575		59,575
Interest income	88		88
Program revenues	48,995		48,995
Fundraising event			-
Other revenue	8,343		8,343
Total Revenue	1,036,174	-	1,036,174
Total Public Support and Revenue	1,482,471	(2,633)	1,479,838
Expenses:			
Program Services:			
Clinic	1,077,761		1,077,761
Education/Prevention	151,706		151,706
Impaired Driver Program	17,072		17,072
Total Program Services	1,246,539	-	1,246,539
Supporting Services:			
Management and general	173,229		173,229
Fundraising	6,920		6,920
Total Supporting Services	180,149	-	180,149
Total Expenses	1,426,688	-	1,426,688
Change in Net Assets	55,783	(2,633)	53,150
Net Assets, January 1,	291,194	40,165	331,359
Net Assets, December 31,	\$ 346,977	\$ 37,532	\$ 384,509

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

2014

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 294,870	\$	\$ 294,870
57,771		57,771
2,450		2,450
18,750		18,750
		-
10,692		10,692
15,083	15,000	30,083
10,913		10,913
40,827	(40,827)	-
<u>451,356</u>	<u>(25,827)</u>	<u>425,529</u>
763,413		763,413
124,384		124,384
119,755		119,755
119		119
42,850		42,850
10,153		10,153
399		399
<u>1,061,073</u>	<u>-</u>	<u>1,061,073</u>
<u>1,512,429</u>	<u>(25,827)</u>	<u>1,486,602</u>
1,039,356		1,039,356
142,068		142,068
18,800		18,800
<u>1,200,224</u>	<u>-</u>	<u>1,200,224</u>
188,682		188,682
15,988		15,988
<u>204,670</u>	<u>-</u>	<u>204,670</u>
<u>1,404,894</u>	<u>-</u>	<u>1,404,894</u>
107,535	(25,827)	81,708
183,659	65,992	249,651
<u>\$ 291,194</u>	<u>\$ 40,165</u>	<u>\$ 331,359</u>

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Clinic</u>	<u>Education/ Prevention</u>	<u>Impaired Driver Program</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:							
Salaries	\$ 652,517	\$ 95,155	\$ 13,352	\$ 761,024	\$ 117,105	\$ 4,353	\$ 882,482
Fringes	152,360	20,255	1,770	174,385	27,463	609	202,457
Program expenses	37,539	11,568	1,500	50,607			50,607
IT and telephone expenses	50,904	5,735		56,639	3,423	24	60,086
Staff development and travel	4,263	827		5,090	1,068	13	6,171
Dues and memberships	1,401	342	225	1,968	362	355	2,685
Insurance expense	8,331	1,087		9,418	1,188		10,606
Miscellaneous expense	1,108		225	1,333	126	4	1,463
Office expenses	12,401	2,261		14,662	1,224	1,662	17,548
Contracted services	6,025	372		6,397	13,662	(100)	19,959
Equipment expenses	19,768	2,406		22,174	1,395		23,569
Property expenses	108,110	5,912		114,022	6,213		120,235
Fundraising events				-			-
Total Expenses before Depreciation	1,054,727	145,920	17,072	1,217,719	173,229	6,920	1,397,868
Depreciation	23,034	5,786		28,820			28,820
Total Functional Expenses	\$ 1,077,761	\$ 151,706	\$ 17,072	\$ 1,246,539	\$ 173,229	\$ 6,920	\$ 1,426,688

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Services				Supporting Services		
	Clinic	Education/ Prevention	Impaired Driver Program	Total	Management and General	Fundraising	Total
Expenses:							
Salaries	\$ 670,733	\$ 88,449	\$ 12,716	\$ 771,898	\$ 97,723	\$ 3,475	\$ 873,096
Fringes	170,706	17,724	1,899	190,329	23,894	625	214,848
Program expenses	21,788	7,526	866	30,180	161		30,341
IT and telephone expenses	25,293	7,069	5	32,367	3,346	860	36,573
Staff development and travel	5,196	1,868		7,064	2,615	58	9,737
Dues and memberships	540	98	225	863	1,485		2,348
Insurance expense	11,133	1,854	599	13,586	1,677		15,263
Miscellaneous expense	1,021	149		1,170	261		1,431
Office expenses	12,805	2,591	176	15,572	4,510	140	20,222
Contracted services	908	173		1,081	41,551	1,160	43,792
Equipment expenses	13,472	3,902		17,374	3,353		20,727
Property expenses	95,501	8,100	2,314	105,915	8,078	1,724	115,717
Fundraising events				-		7,946	7,946
Total Expenses before Depreciation	1,029,096	139,503	18,800	1,187,399	188,654	15,988	1,392,041
Depreciation	10,260	2,565		12,825	28		12,853
Total Functional Expenses	<u>\$ 1,039,356</u>	<u>\$ 142,068</u>	<u>\$ 18,800</u>	<u>\$ 1,200,224</u>	<u>\$ 188,682</u>	<u>\$ 15,988</u>	<u>\$ 1,404,894</u>

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
Cash Flows from Operating Activities:		
Change in net assets	\$ 53,150	\$ 81,708
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,820	12,853
Decrease (increase) in:		
Grants and fees receivable	20,343	234
Promises to give	3,122	16,984
Prepaid expenses	6,263	(10,471)
Due from County	(9,186)	-
(Decrease) increase in:		
Accounts payable	5,466	(33,954)
Accrued payroll	1,601	6,533
Compensated absences	(6,911)	9,543
Due to OASAS	(16,033)	(36,116)
Medicaid payable	(26,702)	(28,942)
	59,933	18,372
Cash Flows from Investing Activities:		
Purchases of fixed assets	(62,371)	-
Loss (gain) on fixed asset disposal	251	(27,857)
	(62,120)	(27,857)
Cash Flows from Financing Activities:		
Line of credit (payment)/advance	-	-
	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,187)	(9,485)
Cash and Cash Equivalents, January 1,	148,107	157,592
Cash and Cash Equivalents, December 31,	\$ 145,920	\$ 148,107
Interest paid	\$ -0-	\$ 38

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

Activity

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

Accounting Method

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

Financial Statement Presentation

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

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Council considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Equipment and Leasehold Improvements

The Council capitalizes all leasehold improvements and expenditures for furniture and equipment in excess of \$1,000 and with useful lives greater than one year. Purchased leasehold improvements and furniture and equipment are carried at cost. Donated property and equipment are carried at the approximated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives are estimated as follows: leasehold improvements, 5 to 20 years; furniture and equipment, 5 to 10 years.

Donated Property and Equipment

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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

Compensated Absences

Compensated absences are accrued on a monthly basis and are limited to 30 days earnings per employee. The accrued liability recorded at December 31, 2015 and 2014 is the liability at the Council's year end.

Income Tax Status

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

Expense Allocation

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

Contributions

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

Events Subsequent to Report Date

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through April 20, 2016, the date the financial statements were available to be issued.

***Note 2* Concentration of Credit Risk Involving Cash**

The Council maintains cash in various accounts held at local financial institutions. At times, these cash balances may exceed federally insured amounts, and may exceed balance sheet amounts due to outstanding checks. There were no uninsured balances at December 31, 2015 and 2014.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

Note 3 Other Receivables and Promises to Give

Other receivables consisted of the following at December 31,:

	2015	2014
OASAS	\$ -	\$ 10,949
Community Justice Center	250	200
Drug courts	200	550
Dues reimbursement	342	2,776
Tompkins County Mental Health	18,816	9,630
Stop DWI local funding	3,750	3,750
	23,358	27,855
Total Other Receivables	\$ 23,358	\$ 27,855

Promises to give of \$16,878 and \$20,000 consist entirely of United Way allocations and are considered fully collectible at December 31, 2015 and 2014, respectively.

Note 4 Fixed Assets and Related Depreciation

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

	2015		
	Cost	Accumulated Depreciation	Book Value
Furniture and equipment	\$ 162,084	\$ 54,208	\$ 107,876
Leasehold improvements	50,545	13,212	37,333
Construction in progress	2,100	-	2,100
	214,729	67,420	147,309
Total	\$ 214,729	\$ 67,420	\$ 147,309
	2014		
	Cost	Accumulated Depreciation	Book Value
Furniture and equipment	\$ 151,466	\$ 61,176	\$ 90,290
Leasehold improvements	34,603	10,884	23,719
	186,069	72,060	114,009
Total	\$ 186,069	\$ 72,060	\$ 114,009

Depreciation expense amounted to \$28,820 and \$12,853 in 2015 and 2014, respectively. Disposals of fully depreciated furniture and equipment amounted to \$33,711 and \$-0- in 2015 and 2014, respectively.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

***Note 5* Medicaid Payable**

In October, 1999, a Medicaid audit was conducted at the Council for the years ended December 31, 1994 and 1995. As a result of the audit, the Council recorded a liability for amounts which were fully recovered during 2011. During 2011, upon repayment of the original Medicaid audit recovery, the Office of the Medicaid Inspector General notified the Council of \$117,232 accrued interest due as a result of the 1999 audit. The Council recorded a Medicaid payable liability for the amount of interest to be repaid. At December 31, 2014, Medicaid payable amounted to \$26,702. In 2015 the remaining balance was paid.

***Note 6* Due to OASAS**

In prior years, when the full OASAS funding was not required by the Council, the unused portion was due back to OASAS. At December 31, 2014, the amount due to OASAS was \$16,033. During the 2015 fiscal year, this amount was repaid to OASAS.

OASAS approved funding for the Council's 2015 fiscal year and advanced funds to the Council during the year.

The Council has been informed, in the future, OASAS will consider allowing the Council to retain some or all of any excess revenue, contingent upon OASAS approval.

***Note 7* Net Assets**

Unrestricted Net Assets

Management has disclosed unrestricted net assets in three different categories as follows:

Board Designated - Set aside for repayment of potential Medicaid take-back,

Client Fees Receivable - OASAS has a right to these funds in the event the Council ceases to exist,

Fixed Assets - Net book value of the Council's investments in fixed assets,

Undesignated - Unrestricted net assets used for continuing operations.

Temporarily Restricted Net Assets

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

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

***Note 7* Net Assets - Continued**

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

	<u>2015</u>	<u>2014</u>
United Way grant (time restriction)	\$ 14,467	\$ 15,000
OASAS Funding - Electronic medical records project (time and purpose restriction)	<u>23,065</u>	<u>25,165</u>
Total	<u>\$ 37,532</u>	<u>\$ 40,165</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Total assets released from restrictions amounted to \$17,100 and \$40,827 for the years ended December 31, 2015 and 2014, respectively.

***Note 8* Line of Credit**

The Council maintains a line of credit in the amount of \$50,000 at a local financial institution which matures on June 5, 2016. There was no activity on the line of credit during 2015, and there were no outstanding balances at December 31, 2015 and 2014.

***Note 9* Program Services**

The Council classifies its program service activities as follows:

Clinic

The Outpatient Clinic offers comprehensive evaluations and treatment options for individuals, family members, and concerned others, regarding the use of alcohol and other drugs.

Education and Prevention

Education and Prevention activities include several programs meant to raise awareness within the community about the disease of addiction.

BASICS

BASICS is a two session program that provides education about alcohol and other substances in an interactive, one-on-one environment. Referral to this program offers young people a unique combination of meeting mandated requirements while being challenged to examine their own history, values, and patterns of use of alcohol and other drugs. The focus of the program is to educate young people about the risks of use, to understand the distinction between use, abuse, and dependence, and to potentially self-identify an alcohol or other drug problem. This program is presented within education and prevention in the financial statements.

Non-OASAS Contracts - Impaired Driver Program (IDP)

The Council administers the Impaired Driver Program in Tompkins County. The program is taught by New York State Department of Motor Vehicles approved instructors.

ALCOHOL & DRUG COUNCIL OF TOMPKINS COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

***Note 10* Lease Commitment**

The Council leases its facility from Tompkins County under a lease which commenced April 1, 2001, for a five-year term, and renewed April 1, 2006 and 2011 for five-year terms, with an increase of 3% each year through March 31, 2016. Lease payments amounted to \$119,484 and \$115,718 for the years ended December 31, 2015 and 2014, respectively. The council expects to renew its lease for an additional five year period through March 31, 2021 with similar terms.

Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 30,095

***Note 11* Pension Plan**

The Council participates in a defined contribution plan. All full time employees are eligible to participate in the plan on the first day of the month after their date of hire. Employer contributions of 3% begin on the first day of the month after participants have completed one year of service. A year of service is credited for 1,000 hours of service in a calendar year. Employees are fully vested after three years of service. Pension expense amounted to \$26,842 and \$39,781 in 2015 and 2014, respectively.

***Note 12* Program Promotion and Advertising**

The Council promotes its programs among the audiences it serves through advertising and various promotional activities. The costs of program advertising and promotion are expensed as incurred. During 2015 and 2014, program advertising and promotion costs totaled \$11,625 and \$5,091, respectively.

***Note 13* Commitments and Contingencies**

Risk Financing and Related Insurance

The Council is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Other Items

The Council receives grants which are subject to audit by outside agencies. Such audits may result in disallowances and a request for a return of funds.

***Note 14* Reclassification**

Certain amounts in the Statement of Functional Expenses as of December 31, 2014 have been reclassified to conform to the current year's presentation.