

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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.  
Williston Park, New York

We have audited the accompanying statement of financial position of Long Island Council on Alcoholism and Drug Dependence, Inc. ("LICADD") at December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of LICADD's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LICADD at December 31, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Grassi & Co., CPAs, P.C.*

GRASSI & CO., CPAs, P.C.

Jericho, New York  
November 9, 2011

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 185,468
Investments - mutual funds	805,474
Contributions receivable	41,615
Prepaid expenses	<u>5,271</u>
 Total Current Assets	 <u>1,037,828</u>
 PROPERTY AND EQUIPMENT, NET	 <u>131,077</u>
OTHER ASSETS:	
Security deposits	<u>5,050</u>
 TOTAL ASSETS	 <u><u>\$ 1,173,955</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 343
Deferred grant income	<u>7,000</u>
 Total Current Liabilities	 <u>7,343</u>
NET ASSETS:	
Unrestricted	338,323
Temporarily restricted	428,289
Permanently restricted	<u>400,000</u>
 Total Net Assets	 <u>1,166,612</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,173,955</u></u>

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

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND GAINS:				
Contributions and grants	\$ 283,550	\$ -	\$ -	\$ 283,550
Special events	657,628	-	-	657,628
Less: Direct cost of special events	(205,584)	-	-	(205,584)
Program service revenues	199,663	-	-	199,663
Interest and dividend income	793	16,384	-	17,177
Realized gains on investments	-	5,250	-	5,250
Unrealized gains on investments	-	<u>52,477</u>	-	<u>52,477</u>
 Total Revenues and Gains	 <u>936,050</u>	 <u>74,111</u>	 <u>-</u>	 <u>1,010,161</u>
EXPENSES:				
Program services				
Alcoholism and substance abuse services	619,962	-	-	619,962
Supporting services				
Management and general	100,036	-	-	100,036
Fund raising	<u>117,054</u>	<u>-</u>	<u>-</u>	<u>117,054</u>
 Total Expenses	 <u>837,052</u>	 <u>-</u>	 <u>-</u>	 <u>837,052</u>
CHANGE IN NET ASSETS BEFORE RECLASSIFICATIONS	98,998	74,111	-	173,109
RECLASSIFICATIONS:				
Donor	120,800	(120,800)	-	-
Based on change in law	<u>(354,178)</u>	<u>354,178</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>(134,380)</u>	<u>307,489</u>	<u>-</u>	<u>173,109</u>
NET ASSETS, BEGINNING OF YEAR	329,443	-	664,060	993,503
RESTATEMENT	<u>143,260</u>	<u>120,800</u>	<u>(264,060)</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>472,703</u>	<u>120,800</u>	<u>400,000</u>	<u>993,503</u>
NET ASSETS, END OF YEAR	<u>\$ 338,323</u>	<u>\$ 428,289</u>	<u>\$ 400,000</u>	<u>\$ 1,166,612</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, 2010

	Program Service	Supporting Services			Total
	Alcoholism and Substance Abuse Services	Management and General	Fund Raising	Direct Cost of Special Events	
Payroll and related expenses	\$ 452,338	\$ 75,598	\$ 85,382	\$ -	\$ 613,318
Utilities	12,496	504	1,427	-	14,427
Telephone	4,928	384	1,088	-	6,400
Contract services	29,820	-	-	-	29,820
Advertising	3,234	-	-	-	3,234
Credit card fees	-	-	6,370	-	6,370
Computer expense	7,802	608	1,722	-	10,132
Depreciation and amortization	8,426	657	1,860	-	10,943
Dues and subscriptions	2,406	-	-	-	2,406
Education and training	5,034	-	-	-	5,034
Equipment rental	1,846	144	408	-	2,398
Catering and facility rental	-	-	-	138,232	138,232
Insurance	7,682	599	1,696	-	9,977
Investment expenses	-	11,696	-	-	11,696
Miscellaneous	5,807	900	1,282	45,937	53,926
Postage and delivery	2,724	212	601	2,721	6,258
Printing and reproduction	13,493	1,051	2,979	18,694	36,217
Professional fees	1,805	5,500	-	-	7,305
Rent	32,100	-	-	-	32,100
Travel	9,637	751	2,128	-	12,516
Office expenses	11,120	866	2,455	-	14,441
Payroll service fees	1,933	151	427	-	2,511
Bad debt	-	-	6,052	-	6,052
Repairs and maintenance	5,331	415	1,177	-	6,923
<b>Total Expenses</b>	<b>619,962</b>	<b>100,036</b>	<b>117,054</b>	<b>205,584</b>	<b>1,042,636</b>
Less: Direct cost of special events	-	-	-	(205,584)	(205,584)
<b>Total expenses reported by function on the statement of activities</b>	<b>\$ 619,962</b>	<b>\$ 100,036</b>	<b>\$ 117,054</b>	<b>\$ -</b>	<b>\$ 837,052</b>

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

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ 173,109
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	10,943
Realized gains on investments	(5,250)
Unrealized gains on investments	(52,477)
Changes in assets (increase) decrease:	
Contributions receivable	19,775
Prepaid expenses	(3,704)
Security deposits	1,625
Changes in liabilities increase (decrease):	
Accounts payable and accrued expenses	(17,064)
Deferred grant income	<u>7,000</u>
Net cash provided by operating activities	<u>133,957</u>
Cash flows from investing activities:	
Proceeds from sale of investments	312,237
Purchase of investments	(305,806)
Acquisition of property and equipment	<u>(550)</u>
Net cash provided by investing activities	<u>5,881</u>
Net increase in cash and cash equivalents	139,838
Cash and cash equivalents - beginning of year	<u>45,630</u>
Cash and cash equivalents - end of year	<u>\$ 185,468</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, 2010

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 55 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 Mineola, Ronkonkoma and Riverhead, New York, LICADD is positioned to provide easy access to a continuum of supportive services to the community. LICADD offers crisis intervention, screening, brief intervention and referrals to treatment (SBIRT) and family-based interventions to local residents struggling with addiction. LICADD's prevention programs include the Too Good for Drugs program, parent workshops, alcohol education classes and professional training. LICADD continues to lead the fight to erase the stigma of the disease of addiction and has successfully rallied young people in recovery to increase public attention to addiction. The agency's "Open Arms EAP," serves thousands of employees and their families annually providing confidence assistance, supervisory training and critical incident stress debriefing (CISD). LICADD's primary sources of revenue are contributions, grants and special events.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of LICADD and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that have no restrictions as to use or purpose imposed by donors.

Temporarily restricted net assets - Net assets whose use has been restricted by donors to a specific time period or purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets that represent endowment funds whose principal may not be expended. The donors may or may not restrict the use of the investment income.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Fair Value of Financial Instruments

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 three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is 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.

At December 31, 2010, the cost basis of LICADD's financial instruments including cash and cash equivalents, contributions receivable, accounts payable and accrued expenses, approximated fair value due to the short maturity of these instruments.

Refer to Note 4 - Fair Value Measurements for assets measured at fair value.

Cash Equivalents

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

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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

Investments

Investments are stated at fair value, based on quoted market prices. Gains and losses on the sale of investments and investment income are recorded as operating activities and are recognized as increases and decreases in unrestricted net assets unless their use is restricted by donor stipulations. Interest and dividends from permanently restricted net assets are recorded as additions to unrestricted net assets if they are not restricted by the donor for a particular purpose. If they are restricted by the donor or by law, the specific portion is recorded as temporarily restricted.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for Doubtful Accounts

LICADD determines whether an allowance for uncollectible accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2010, management has determined that no allowance for doubtful accounts is necessary.

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.

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

Building	31 years
Computer and office equipment	5 to 7 years

Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 2 - Summary of Significant Accounting Policies (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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program Service Revenues and Accounts Receivable

Revenues and accounts receivable from program service fees are recognized when earned. Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors. To the extent amounts received exceed amounts spent, LICADD establishes advances from government funders.

Deferred revenue represents amounts received for special events that have not yet been earned. These amounts will be earned during the year ending December 31, 2011.

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.

Accounting for Uncertainty in Income Taxes

LICADD follows the provisions pertaining to uncertain tax provisions in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent Events

LICADD has evaluated all events or transactions that occurred after December 31, 2010 through the date of issuance of these financial statements. During this period, there were no material subsequent events requiring disclosure.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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

New Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. This ASU represents the converged guidance of the FASB and the IASB (the "Boards") on fair value measurement. The collective efforts of the Boards and their staffs, reflected in ASU No. 2011-04, have resulted in common requirements for measuring fair value and for disclosing information about fair value measurements, including a consistent meaning of the term "fair value." The Boards have concluded the common requirements will result in greater comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS.

The amendments to the FASB Accounting Standards Codification in this ASU are to be applied prospectively. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2011. Nonpublic entities may apply the amendments in ASU No. 2011-04 early, but no earlier than for interim periods beginning after December 15, 2011. LICADD has not yet determined whether the impact of this standard will have a material impact on its financial statements.

Note 3 - Concentration of Credit Risk

LICADD maintains cash balances in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution and unlimited coverage for non-interest bearing accounts. From time to time, LICADD's balances may exceed this limit. At December 31, 2010, there were no uninsured cash balances.

Note 4 - Fair Value Measurements

LICADD measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect the Foundation's own assumptions of market participant valuation (unobservable inputs).

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2010

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

Items Measured at Fair Value on a Recurring Basis

Investments are stated at fair value using Level 1 inputs based on quoted market prices of identical securities. A summary of the aggregate fair value of these assets is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ <u>805,474</u>	\$ <u>          </u> -	\$ <u>          </u> -	\$ <u>805,474</u>

Note 5 - Property and Equipment

Property and equipment, net, at December 31, 2010 consists of the following:

Building	\$ 290,000
Computer and office equipment	62,957
Leasehold improvements	<u>1,050</u>
	354,007
Less: Accumulated depreciation and amortization	<u>222,930</u>
	<u>\$ 131,077</u>

Depreciation and amortization expense for the year ended December 31, 2010 totaled \$10,943.

Note 6 - Pension Plan

LICADD has a defined contribution pension plan for all eligible employees. LICADD's contributions are equal to 6% of each employee's annual compensation. Pension expense for the year ended December 31, 2010 was \$18,069.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Endowments	\$ <u>428,289</u>
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LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 8 - Endowment Funds

General

LICADD's endowment consists of one individual donor-restricted endowment fund established to use for the labor 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

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), a modified version of the Uniform Prudent Management of Institutional Funds Act ("UMIFA"). LICADD has evaluated the effect of NYPMIFA on the investments, appropriation and management of institutional funds and is establishing procedures to comply with its provisions.

During 2010, LICADD has continued to interpret state law 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 as permanently restricted net assets (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.

In accordance with FASB ASC Subtopic 958-205, *Not-for-Profit Entities* (formerly FSP FAS No. 117-1), upon the passage of NYPMIFA, LICADD is required to determine if there are any non-appropriated endowed investment earnings, and if so, it would need to reclassify them as temporarily restricted net assets. At January 1, 2010, LICADD has calculated \$354,178 of non-appropriated endowed investment earnings that have been reclassified.

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

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 8 - Endowment Funds (cont'd.)

LICADD has considered the following factors in making a determination to appropriate or calculate 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 temporarily restricted income based on the terms of the endowment agreement.

Funds with Deficiencies

LICADD does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund at December 31, 2010

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
R. Brinkley Smithers Endowment	\$ 428,289	\$ 400,000	\$ 828,289

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 8 - Endowment Funds (cont'd.)

Changes in Endowment Net Assets for the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 354,178	\$ -	\$ 400,000	\$ 754,178
Net asset reclassification based on change in law	<u>(354,178)</u>	<u>354,178</u>	<u>-</u>	<u>-</u>
Endowment net assets, beginning of year after reclassification	-	354,178	400,000	754,178
Interest and dividends	-	16,384	-	16,384
Realized gains	-	5,250	-	5,250
Unrealized gains	<u>-</u>	<u>52,477</u>	<u>-</u>	<u>52,477</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 428,289</u>	<u>\$ 400,000</u>	<u>\$ 828,289</u>

Note 9 - Commitments

Office Space Leases

LICADD leases office space for two locations in Suffolk County. One of the leases is under a month-to-month agreement, and the other lease is under a noncancellable agreement expiring in November 2012.

At December 31, 2010, future minimum rental payments are as follows:

Years Ending December 31:

2011	\$ 28,500
2012	<u>26,125</u>
	<u>\$ 54,625</u>

Rent expense for the year ended December 31, 2010 totaled \$32,100.

LONG ISLAND COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 9 - Commitments (cont'd.)

Office Equipment Lease

LICADD leases office equipment under an operating lease expiring in March 2013.

At December 31, 2010, future minimum rental payments are as follows:

Years Ending December 31:

2011	\$	3,360
2012		3,360
2013		<u>560</u>
	\$	<u>7,280</u>

Office equipment lease expense for the year ended December 31, 2010 totaled \$2,398.

Note 10 - Reclassifications

During 2010, LICADD was notified by a donor of its intention to reclassify previously restricted contributions to unrestricted. In addition, with the passage of NYPMIFA (see Note 8), LICADD was required, based on the change in law, to identify any non-appropriated endowment earnings originally classified as unrestricted. Non-appropriated earnings have been classified as temporarily restricted.

Note 11 - Restatements

At January 1, 2010, the permanently restricted net assets did not agree to original endowment contribution of \$400,000. Accordingly, a restatement of \$143,260 has been made to reflect the proper application of accounting principles related to the permanently restricted net asset balance.

In addition to the endowment restatement, LICADD identified it had recorded in previous years contributions from its capital campaign of \$120,800 as permanently restricted. Upon review of the donor solicitations, these contributions should have been recorded as temporarily restricted. Accordingly, a restatement of \$120,800 has been made.