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January 8, 2021

Dear Mayor Martin,

Thank you for this opportunity to request renewed budget support from the City of Stamford. The City's partnership is much valued and is critical to the success of our inpatient and outpatient substance use and mental health programs in downtown Stamford, especially because we are the only federally-licensed methadone program in the City in a time where more and more individuals are turning to substance use as a coping mechanism during the COVID-19 pandemic.

Attached, please find:

1. Mission Statement and Program Description
2. Fiscal Year 2018/19 & 2019/20 Full Year Actuals Comparison
3. Fiscal Year 2019/20 & 2020/21 October Budget Comparison
4. Proposed Fiscal Year 2021/22 Operating Budget
5. Proposed Fiscal Year 2021/22 Capital Budget
6. Audited Financial Statement
7. Budget Narrative

As always, please let me know if you have any questions.

Sincerely,



John Hamilton  
President and Chief Executive Officer



# CITY OF STAMFORD

## Liberation Programs, Inc. Grant Request FY2021-22

**Agency Name and Address:** Liberation Programs, Inc.  
 129 Glover Avenue  
 Norwalk, CT 06850

**Tax ID Number:** 06-0867006

**Amount Requested:** \$100,000

**President and CEO:** John Hamilton, LMFT, LADC  
 john.hamilton@liberationprograms.org  
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**Primary Contact:** Richard Liverano, Manager of Institutional Giving  
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 203.604.1292

**Website:** www.liberationprograms.org

### **LIBERATION PROGRAMS—Who We Are**

Liberation Programs’ mission is to provide prevention, treatment and recovery services to help individuals and their families impacted by substance use and mental health conditions to foster hope and maintain wellness.

Founded in 1971, Liberation is one of Fairfield County’s premier behavioral health service providers specializing in the treatment of substance use disorder. We assist people (whom we call Recoverees) struggling with dependence on alcohol, opiates, depressants, and/or stimulants, and we provide services for youth, adults, and families via two inpatient treatment programs, outpatient services, treatment and resources for adolescents and their families, community efforts focused on education, prevention, and wellness, and permanent supportive housing for families.

### **THE PROBLEM—A Growing Epidemic**

The need for accessible high-quality resources is especially pertinent as the COVID-19 pandemic continues. The CDC reports that since the beginning of the pandemic, 13.3% of surveyed adults have “started or increased substance use to cope with stress or emotions related to COVID-19,” and the American Medical Association states that “more than 40 states have reported increases in opioid-related mortality.” This includes Connecticut, which saw a 13% increase in overdose deaths from January to October 2020 compared to the same period in 2019. Chief Medical Examiner Dr. James Gill projects that the state will exceed 1,300 overdose deaths in 2020, a new record.

However, despite the increase in the number of drug-related fatalities, resources for those seeking recovery remain limited, as state funding has decreased several years in a row leading to too few licensed centers offering high-quality behavioral health services in lower Fairfield County. For low-income individuals who have limited access to the resources that are available, the situation is direr; as an example, Liberation is the only federally-licensed methadone clinic in the City of Stamford, which makes access to our services all the more necessary to those who rely on and need it.

The CDC notes that anxiety and depression disorders increased approximately three times each in the second quarter of 2020, and that suicidal ideations doubled in the same time period. Connecticut has also seen a 20% increase in relapses since the beginning of the pandemic, leading to the tragic 19% increase in overdose deaths mentioned above. As more people experience a greater need for treatment in Fairfield County and nationwide, Liberation Programs has experienced a steady demand for its services in the same comparison period. From January through July 2019, Liberation provided services to 1,843 Recoverees; in this period in 2020, Liberation served 1,925 Recoverees, an increase of 4.4%, and saw its relapses increase consistent with the statewide rate.

### **SERVING THE COMMUNITY—Our Impact**

All of the factors mentioned above are indicative of the increased demand for services through an unprecedented time where people may be turning to substance use as a coping mechanism. Liberation Programs offers hope and multiple pathways to recovery for those with often co-occurring substance use and mental health disorders, regardless of ability to pay.

In Fiscal Year 2020, we served 2,449 Recoverees in treatment programs for substance use and mental health disorders, and provided education and prevention services to 2,705 students. As the amount of Recoverees we serve continues to increase, Liberation has expanded in terms of staff, location, and physical space, which has allowed us to provide lifesaving treatment to about 1,200 Recoverees weekly. Our expectation is that we will continue to see an increase in Recoverees needing treatment through our programs next year, as the COVID-19 pandemic continues to force isolation and increase mental health and substance use issues.

As the only federally- and state-licensed methadone program in Stamford, Liberation provides its programs to those who need our help, regardless of race, gender, economic status, or other characteristic or demographic. Most of the individuals Liberation serves live at or below the poverty level and many have lost jobs, homes, and families. Many are the “working poor,” earning too much to qualify for Medicaid and too little to afford treatment.

Liberation Programs’ philosophy of treatment utilizes an asset-based approach that has proven extremely effective. According to the agency Credo, “We help each Recoveree, through our daily efforts, to re-discover their gifts, skills, strengths, abilities and purpose for living. We will search to unearth those positive qualities; we will seek opportunities to grow them through positive reinforcement.”

## **KEY PROGRAMS IN STAMFORD**

### **Liberation House**

Founded as Liberation's original program in 1971, Liberation House is an inpatient treatment program in Stamford for men with substance use disorder. Liberation House serves up to 65 individuals at a time and around 250 throughout an entire year.

Recoverees engage with staff to provide them with basic information regarding their substance use disorder and recovery; residency and employment status are also discussed throughout treatment. Immediately upon their admission, Recoverees identify their goals and objectives and craft an individual service plan to be used as a guide throughout their treatment stay. Recoverees meet weekly with a skilled counselor for individual counseling; during these sessions, Recoverees also report on progress of their goals and identify growth and changes. Recoverees may also be engaged in both Mental Health and Medication Assisted Recovery (MAR) programs. Additionally, family therapy and group counseling are available. Group and individual counseling focus on building and sustaining daily life skills inclusive of transitioning to employment, securing stable housing, and adapting to a new normal: a stable routine without substance use.

Liberation House meets community needs by providing comprehensive treatment to men who are at risk for involvement in the criminal justice system, homelessness, and/or living without their basic needs being met. Liberation House provides Recoverees the tools needed to foster ongoing recovery, connects them to appropriate resources, and lessens the strain on the heavily populated justice system and other emergency social services including Emergency Departments. This increased connection and reduced strain allows these existing services to form a web of comprehensive care, improving outcomes for all parties involved and resulting in Recoverees who are ready to re-enter society as productive and healthy individuals after their stay at Liberation House.

During Fiscal Year 2020, Liberation House served a total of 304 men. **86% of Liberation House's Recoverees achieved reduced or abstinence from substance use, 56% above the state goal.**

### **Liberation Clinic**

Liberation Clinic, our Stamford outpatient program located on Main Street, includes individual, family, and group counseling, intensive outpatient (IOP) treatment, and other sober support. All individuals in treatment develop a plan with the help of their counselor to reduce and/or eliminate substance use, improve quality of life, and make behavioral changes such as reconnecting with family, becoming gainfully employed, and addressing health issues.

The outpatient program also offers evidence-based Medication Assisted Recovery (MAR), proven to be the most effective treatment protocol for treating substance use; Liberation is a leader in the field, having offered it since the agency's inception. Dr. Elinore McCance-Katz, Assistant Secretary for Mental Health and Substance Use at the Substance Abuse and Mental Health Services Administration (SAMHSA), wrote "[Medication Assisted Recovery] combined with psychosocial therapies and community-based recovery supports is the gold standard for treating opioid addiction." No other protocol has been as effective, both for individuals in need of treatment and for lowering the economic impact of substance use on the community.

During Fiscal Year 2020, Stamford's outpatient programs served a total of 869 Recoverees. **77% of our Stamford outpatient Recoverees achieved reduced or abstinence from substance use, 40% above the state goal.**

### **Expected Outcomes**

Each Recoveree in our programs is assigned a counselor. Together, they develop a comprehensive treatment plan that includes major goals and objectives that go beyond addressing their substance use. Through the creation of these plans, Liberation seeks to achieve the following goals throughout the agency:

- 90% of Recoverees will report overall satisfaction with Liberation's services.
- 95% of Recoverees will have an Individualized Recovery Plan created for them.
- 85% of all Recoverees in our inpatient programs will receive a minimum of 20 hours of treatment per week.
- 70% receiving treatment services will report reduced or abstained substance use.
- 70% receiving treatment services for an Opioid Use Disorder will be on a Medication Assisted Recovery regimen.

### **Mobile Wellness Van**

Liberation's Mobile Wellness Van is stationed two days each in Stamford and Bridgeport and allows Liberation to provide direct services to Recoverees where they are, especially for the homeless populations or for those unable to access Liberation's services at its standing clinics. Its unmistakable tie-dye exterior also acts as an awareness tool, being present at meetings with stakeholders, grand openings, and other outreach and engagement opportunities.

The Mobile Wellness Van offers harm reduction education and interventions in the community, including HIV/HCV testing, syringe exchange services, NARCAN kits for overdose reversal, fentanyl testing strips, condoms, connections to a Housing Outreach Team (HOT Team), and referrals to care including Medication Assisted Recovery. No insurance is required, and anyone over the age of 18 may utilize its services. The suite of recovery services it provides may mean the difference between life and death for Recoverees in the community who have not yet enrolled in care. Through utilizing the Van, Liberation seeks to make potential substance use as safe as possible, provide the tools to reverse overdose leading to fewer preventable deaths, and increase accessibility to Liberation's continuum of care. The Van may also be used to transport Recoverees to inpatient care, eliminating another barrier to recovery.

In the first full quarter of Fiscal Year 2021, the Van had **provided 585 instances of harm reduction services in the community**, in which **81% of interactions involved distribution of harm reduction supplies listed above**. Other interactions involved requests for information about Liberation Programs, referrals to the HOT Team, and linkages to medical, detox, outpatient, intensive outpatient, Medication Assisted Recovery, and/or residential services.

### **Youth and Family Resources—Education and Prevention**

With the goal of keeping kids safe, Liberation's Youth & Family Resources (YFR) program offers professional counseling for adolescents, support services for families, and extensive education and

outreach into schools and the community about the dangers of substance use. This is a critically important endeavor considering the prevalence of drug and alcohol use among adolescents on a national scale and in particular those in Fairfield County. Our Youth and Family Resources include:

- Support services for families
- Substance use counseling at Westport High School and Staples High School in Greenwich
- School and community activities and presentations on topics such as cyber-bullying, substance use, peer pressure, social networking, parent-child relationships, grief, anger management, and healthy living
- Access to speakers from the recovery community

Working directly with schools, Liberation provides a variety of activities throughout the school year that are aimed at preventing substance use. Research has shown that science-validated programs, such as those described in the National Institute on Drug Abuse's (NIDA) publication *Preventing Drug Use Among Children and Adolescents: A Research-Based Guide for Parents, Educators, and Community Leaders*, can significantly reduce early use of tobacco, alcohol, and illicit drugs; our approach has adopted many of the principles outlined by NIDA.

Liberation also works with parents, providing workshops and support groups to equip them with the skills they need and help them learn to have difficult conversations with their children regarding substance use. While the topics vary, the focus is always the same—helping improve communication and parent-child relationships; this is by far one of the most effective ways to deter substance use in teens. The 2013 Substance Abuse and Mental Health Services Administration (SAMHSA) Annual Report found that youth aged 12 to 17 who believed their parents would strongly disapprove of them using specific substances were less likely to use substances than students who believed their parents would either somewhat disapprove or neither approve nor disapprove.

During our last fiscal year, Youth and Family Resources held 13 community presentations for Stamford audiences with 372 total attendees (an average attendance of 29 students per session). As evidenced by post-session anonymous surveys, **99% of attendees said they learned something new and that the topic was important to them.**

### **THE IMPACT OF COVID-19**

The COVID-19 pandemic impacted the budget in many ways, with perhaps the most drastic of all being the cancellation of our annual Spirit of Hope Gala. On a day-to-day basis, Liberation has seen an increase in expenses due to increased purchasing of PPE, professional cleaning and sanitizing, purchasing daily meals for frontline staff to reduce people leaving and entering our clinics, hiring more frontline staff to stagger shifts, and implementing telehealth services for virtual therapy sessions.

Additionally, during the height of the pandemic in Connecticut, Liberation was forced to suspend its in-person Intensive Outpatient (IOP) program because it could not be completed on a regular basis while accommodating for physical distancing. This erased a steady source of billed revenue. Liberation's inpatient programs have also been operating at less-than-full capacity due to a mandate from the State to increase distancing and allow for isolation as needed, leading to a further decrease in revenue.

Furthermore, the cancellation of our Annual Spirit of Hope Gala, our largest fundraiser of the year, resulted in a \$225,000 shortfall.

Liberation's frontline staff are essential workers, and Liberation's sites did not close down at the onset of the pandemic in Connecticut. Liberation kept its onsite staff safe through increased purchasing of PPE, professional cleaning and sanitizing, purchasing daily meals for frontline staff to reduce people leaving and entering our clinics, and hiring more frontline staff to stagger shifts. Administrative workers who do not need to be present at any of Liberation's clinics transitioned to remote work. The pivot coincided with an ongoing IT upgrade that included upgrading Liberation's server to make remote work and work at alternate locations more accessible as well as increasing the agency's capacity for telehealth services.

As mentioned earlier, Liberation saw an increase of 4.4% in its Recoveree census in the first seven months of 2020 compared to the first seven months of 2019. Since Liberation transitioned to remote treatment in March, we have continued to provide services via telehealth to Recoverees in order to help them achieve and maintain their recovery and remain healthy with as little interruption as possible. Mental health services have continued for Recoverees by way of video and phone on a regular basis. Medication management has also continued through video calls for those in residential treatment and phone calls for those in outpatient treatment, allowing our Recoverees to receive medication refills and appropriate adjustments remotely on their usual schedule. For those in our inpatient programs who cannot undergo remote treatment in some cases, social distancing and proper PPE protocol have been followed.

The measures Liberation took at the beginning of the COVID-19 pandemic made sure that treatment would be provided with as little interruption as possible during a time of great uncertainty. The stressors of the COVID-19 pandemic are increasing the need for, and amplifying the visibility of, comprehensive substance use treatment, and Liberation is positioned to continue its leadership role in treatment and prevention across Fairfield County thanks to its robust response. This leadership will help secure physical and mental health, restore families, and save lives.

### **LONG-TERM GOALS**

Liberation adopted a new Strategic Plan in September 2020 that will help guide the agency through the end of Fiscal Year 2024. The Strategic Plan calls for the organization to "broaden community awareness and support; explore partnerships and joint ventures; be looking for ways to incorporate telehealth and harm reduction philosophies and practices throughout Liberation Programs' system of care; and find new ways to educate legislators and increase visibility out in the community."

Grouped into four main sections, Governance, Community Outreach & Awareness, Access & Expansion, and Financial Sustainability, the Plan positions Liberation to remain a cutting-edge de facto leader in substance use treatment and prevention in Fairfield County. This will be completed through broadening community awareness, private funding, and advocacy for the vital services Liberation provides, providing more individuals and families with evidence-based prevention and treatment services in order to save more lives, and securing resources to fully support Liberation's annual operating and capital needs.

Major goals for the upcoming 12-24 months include:

- **Increase accessibility to comprehensive substance use treatment in order to serve more.**
  - There are many factors contributing to increased substance use, with the COVID-19 pandemic being the most notable current factor, and Liberation must position itself to respond accordingly in order to fulfill its mission. This goal will be realized through participation in the NIDA Medication Assisted Recovery study (mentioned above), as well as offering expanded services such as Recovery Coaching and primary health care at the Pelletier Wellness Center in Bridgeport through a partnership with Southwest Community Health Center.
- **Open a co-located integrated behavioral health location located at and in partnership with Stamford Health.**
  - When someone who is using drugs overdoses, they are often taken to an Emergency Department, cared for, and then released to law enforcement or back to where they came from, frequently a location that triggers more use. Through a partnership with Stamford Health, initially set to start in 2020 but postponed due to COVID-19, Liberation will provide behavioral health services through a co-located branch at Stamford Health in order to perform intakes into our continuum of care and provide Recoverees the support they need as quickly and seamlessly as possible.
- **Increase harm reduction and diversion efforts throughout Fairfield County.**
  - The Mobile Wellness Van, stationed in Stamford and Bridgeport two days per week per city as well as Monday through Friday mornings through a partnership with the Bridgeport Police Department, provides harm reduction services, connections to care, and prescriptions for Suboxone. Liberation seeks to obtain additional vans as our service contract has been extended by the Department of Mental Health and Addiction Services (DMHAS) until 2022. Liberation plans to have a Van in Fairfield County's three major cities—Stamford, Norwalk, and Bridgeport—to provide consistent harm reduction services without having to split time between locations.

### **THE IMPORTANCE OF COMMUNITY SUPPORT—Our Request**

Liberation seeks to give each person we serve the treatment and other supports they need to attain and sustain their recovery. Unfortunately, the state of Connecticut's ongoing budget challenges have impacted the organization. Over the past four years, we have sustained cuts totaling more than \$1 million—at times putting a significant strain on our ability to offer individuals the services and tools they need to maintain active recovery.

Liberation has been in the fabric of the Fairfield community for its entire 49-year history. Like the City of Stamford, we are deeply committed to making the community the best it can be. Your support is incredibly meaningful to our Recoverees, as community investment is critical to our ability to provide treatment to those who need it. Liberation respectfully requests operational support in the amount of **\$100,000 for our Stamford programs**. Without donor contributions, we face limitations on how much we can provide and how many we can help. The investment that the City of Stamford makes today will help save the lives of our neighbors in the coming year. Thank you again for your support; we are grateful for your consideration during this current grant-making cycle.

## LIBERATION PROGRAMS, INC

Comparison of Operating Results and Budget for the Indicated Periods  
In Thousand of Dollars (000's)

	FY2018/19			FY2019/20		
	FY2019 - Actual \$	FY2019 - Budget \$	FY 2019 - Variance \$	FY2020 - Actual \$	FY2020 - Budget \$	FY 2020 - Variance \$
<b>Revenue</b>						
1st and 3rd Party Revenue	5,939	6,113	(174)	6,674	6,866	(192)
Bad Debt Expense	(285)	(230)	(55)	(342)	(275)	(67)
Government Funding	2,956	2,877	79	2,987	2,797	190
Private Giving & Fundraising	751	882	(131)	758	754	4
Miscellaneous Revenue	159	128	31	78	77	1
Contracted Fee for Services	77	128	(51)	85	76	9
In Kind Revenue	86	0	86	68	0	68
Building Gain / (Loss) on Disposal of Assets	0	0	0	(56)	0	(56)
<b>Total Revenue</b>	<u>9,683</u>	<u>9,897</u>	<u>(214)</u>	<u>10,252</u>	<u>10,295</u>	<u>(43)</u>
<b>Controllable Expense</b>						
Salaries & Wages	5,362	5,555	193	5,631	5,637	6
Fringe & Benefits	1,213	1,632	419	1,258	1,407	149
Contract Labor & Consultants	212	151	(61)	163	197	35
Administrative Support & Contracted Svcs	850	709	(141)	819	807	(12)
Lab & Medical Services/Supplies	211	193	(18)	262	217	(45)
Supplies	196	198	1	245	192	(53)
Rent	208	206	(2)	214	213	(1)
Utilities	278	273	(5)	256	276	20
Legal & Accounting	105	120	15	151	108	(42)
Maintenance	113	131	18	166	111	(55)
Transportation	34	35	1	41	40	(1)
Food	312	290	(22)	326	343	17
<b>Total Controllable Expense</b>	<u>9,095</u>	<u>9,493</u>	<u>397</u>	<u>9,532</u>	<u>9,550</u>	<u>18</u>
<b>Non-Controllable Expense</b>						
Business Insurance	119	122	3	135	142	7
Interest	113	133	20	135	166	30
Property & Other Taxes	13	19	7	28	22	(6)
Depreciation	503	539	36	371	364	(8)
<b>Total Non-Controllable Expense</b>	<u>747</u>	<u>813</u>	<u>66</u>	<u>670</u>	<u>694</u>	<u>24</u>
<b>Net Income / (Loss)</b>	<u>(159)</u>	<u>(408)</u>	<u>249</u>	<u>51</u>	<u>51</u>	<u>(1)</u>

## LIBERATION PROGRAMS, INC

Comparison of Operating Results and Budget for the Indicated Periods  
In Thousand of Dollars (000's)

	FY2020 as Oct 31 2019			FY2021 as Oct 31 2020		
	FY2020 - Actual \$	FY2020 - Budget \$	FY 2020 - Variance \$	FY2021 - Actual \$	FY2021 - Budget \$	FY 2021 - Variance \$
<b>Revenue</b>						
1st and 3rd Party Revenue	2,104	2,208	(103)	2,281	2,309	(28)
Bad Debt Expense	(82)	(90)	8	(86)	(60)	(26)
Government Funding	951	932	19	1,104	1,170	(66)
Private Giving & Fundraising	307	151	155	165	97	68
Miscellaneous Revenue	21	26	(4)	20	20	0
Contracted Fee for Services	29	25	3	26	24	2
Gain/(Loss) on Asset Sale/Disposal	0	0	0	(13)	0	(13)
<b>Total Revenue</b>	<b><u>3,329</u></b>	<b><u>3,252</u></b>	<b><u>77</u></b>	<b><u>3,497</u></b>	<b><u>3,560</u></b>	<b><u>(63)</u></b>
<b>Controllable Expense</b>						
Salaries & Wages	1,761	1,811	50	1,958	2,122	164
Fringe & Benefits	363	411	48	444	487	43
Contract Labor & Consultants	58	63	5	48	59	11
Administrative Support & Contracted Svcs	203	213	10	222	252	29
Lab & Medical Services/Supplies	81	77	(4)	73	98	25
Supplies	73	61	(12)	59	84	25
Rent	71	71	0	73	73	0
Utilities	87	92	4	80	75	(5)
Legal & Accounting	28	30	2	41	29	(13)
Maintenance	46	29	(18)	84	57	(27)
Transportation	22	11	(11)	9	17	8
Food	108	121	13	103	110	7
<b>Total Controllable Expense</b>	<b><u>2,901</u></b>	<b><u>2,990</u></b>	<b><u>88</u></b>	<b><u>3,192</u></b>	<b><u>3,462</u></b>	<b><u>270</u></b>
<b>Non-Controllable Expense</b>						
Business Insurance	42	46	4	58	50	(9)
Interest	45	47	2	45	47	2
Property & Other Taxes	7	6	(1)	14	8	(6)
Depreciation	116	120	4	128	109	(19)
<b>Total Non-Controllable Expense</b>	<b><u>210</u></b>	<b><u>219</u></b>	<b><u>8</u></b>	<b><u>245</u></b>	<b><u>213</u></b>	<b><u>(31)</u></b>
<b>Net Income / (Loss)</b>	<b><u>218</u></b>	<b><u>44</u></b>	<b><u>174</u></b>	<b><u>60</u></b>	<b><u>(115)</u></b>	<b><u>175</u></b>

## LIBERATION PROGRAMS, INC

Proposal of Operating Results and Budget for the Indicated Periods  
In Thousand of Dollars (000's)

	FY2021 - Budget \$	FY2021 - Proj \$	FY 2022 - Budget \$
<b>Revenue</b>			
1st and 3rd Party Revenue	7,090	6,843	6,843
Bad Debt Expense	(250)	(258)	(258)
Government Funding	3,505	3,505	3,523
SBA Funds PPP Grant	0	1,000	0
Private Giving & Fundraising	758	758	796
Miscellaneous Revenue	60	60	62
Contracted Fee for Services	72	78	74
Gain/(Loss) on Asset Sale/Disposal		(42)	
<b>Total Revenue</b>	<b>11,235</b>	<b>11,944</b>	<b>11,040</b>
<b>Controllable Expense</b>			
Salaries & Wages	6,352	6,300	6,400
Fringe & Benefits	1,534	1,500	1,540
Contract Labor & Consultants	179	144	180
Administrative Support & Contracted Svcs	912	667	750
Lab & Medical Services/Supplies	277	218	200
Supplies	293	176	180
Rent	218	218	225
Utilities	250	239	250
Legal & Accounting	121	124	125
Maintenance	125	251	129
Transportation	61	27	40
Food	330	308	315
<b>Total Controllable Expense</b>	<b>10,652</b>	<b>10,172</b>	<b>10,333</b>
<b>Non-Controllable Expense</b>			
Business Insurance	152	175	154
Interest	137	150	130
Property & Other Taxes	31	42	32
Depreciation	333	384	402
<b>Total Non-Controllable Expense</b>	<b>653</b>	<b>751</b>	<b>718</b>
<b>Net Income / (Loss)</b>	<b>(70)</b>	<b>1,021</b>	<b>(11)</b>

## Capital Budget FY2021/22

	<u>Budget FY22</u>	<u>Notes</u>
<b>Capital Reserves</b>		
Reserves Operating Account (at Start Fiscal Year)	\$ 1,600,000	A
Marketable Securities	\$ 500,000	
Net Income FY 2022	\$ (10,965)	
<hr/>		
<b>Total Capital Reserves</b>	<b>\$ 2,089,035</b>	
<hr/>		
<b>Current Major Repairs &amp; Replacements</b>		
Building Improvements for Fit Up HQ	\$ 150,000	
LPI Vehicle downpayment	\$ 25,000	
Capital Improvement Project- 115 Main Street, Stamford	\$ 50,000	
<hr/>		
<b>Total Current Major Repairs &amp; Replacements</b>	<b>\$ 225,000</b>	
<hr/>		
Depreciation FY22 (no cash activity)	\$ 402,000	
<hr/>		
<b>CAPITAL RESERVES BALANCE (Projected June 2021)</b>	<b>\$ 2,266,035</b>	

### Notes

A: Projected Cash @ end of FY21

**Liberation Programs, Inc. and  
Associated Organizations**

**Consolidated Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2020 and 2019**

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# Liberation Programs, Inc. and Associated Organizations

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## Independent Auditor's Report

To the Board of Directors  
Liberation Programs, Inc.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Liberation Programs, Inc. and Associated Organizations, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of Elmcrest Terrace Supportive Housing, LLC and Elmcrest Terrace Limited Partnership were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Liberation Programs, Inc. and Associated Organizations as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Report on Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included on pages 25 through 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and it is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020 on our consideration of Liberation Programs, Inc. and Associated Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Liberation Programs, Inc. and Associated Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Liberation Programs, Inc. and Associated Organizations' internal control over financial reporting and compliance.



Hartford, Connecticut  
December 18, 2020

**Liberation Programs, Inc. and Associated Organizations**

**Consolidated Statements of Financial Position  
June 30, 2020 and 2019**

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 1,665,443	\$ 929,576
Accounts receivable, net	1,013,150	404,279
Grants receivable	92,869	99,216
Other receivables	85,473	57,843
Prepaid expenses	162,976	87,013
	<u>3,019,911</u>	<u>1,577,927</u>
Property and equipment, net	<u>12,419,975</u>	<u>12,739,637</u>
Other assets		
Investments	530,943	530,672
Security and other deposits	228,310	220,959
Tax credit monitoring fees, net of accumulated amortization of \$36,506 and \$30,420	54,785	60,871
	<u>814,038</u>	<u>812,502</u>
	<u>\$ 16,253,924</u>	<u>\$ 15,130,066</u>
 <u>Liabilities and Net Assets/Equity</u>		
Current liabilities		
Notes payable - current portion	\$ 58,781	\$ 43,336
Refundable advance - PPP	1,030,600	-
Refundable advance - grants	18,084	-
Accounts payable and accrued liabilities	1,375,618	997,750
	<u>2,483,083</u>	<u>1,041,086</u>
Notes payable, net	<u>4,636,653</u>	<u>4,669,413</u>
	<u>7,119,736</u>	<u>5,710,499</u>
Net assets/equity		
Without donor restrictions		
Total Liberation Programs, Inc. and Associated Organizations net assets	5,812,412	5,761,667
Non-controlling interest	3,321,776	3,657,900
	<u>9,134,188</u>	<u>9,419,567</u>
	<u>\$ 16,253,924</u>	<u>\$ 15,130,066</u>

See Notes to Consolidated Financial Statements.

**Liberation Programs, Inc. and Associated Organizations**

**Consolidated Statements of Activities  
Years Ended June 30, 2020 and 2019**

	2020	2019
Revenues without donor restrictions and other support		
Net patient service revenue	\$ 6,483,096	\$ 5,753,128
DMHAS grant	2,729,632	2,580,929
Other federal and state funding	256,870	374,811
Municipal grants	156,449	103,137
United Way contributions	50,583	60,416
Other contributions	245,041	147,250
Special events, net of special event costs of direct benefit to donors	324,648	386,756
In-kind contributions	68,387	85,745
Rental income	378,957	459,425
Other income	38,103	32,384
Total revenues without donor restrictions and other support	10,731,766	9,983,981
Expenses		
Program services	8,630,872	7,833,503
Management and general	1,560,206	1,537,419
Fundraising	209,537	342,908
Depreciation	560,297	717,965
Total expenses	10,960,912	10,431,795
Operating loss	(229,146)	(447,814)
Nonoperating activity		
Loss on sale of property and equipment	(56,233)	-
Total nonoperating activity	(56,233)	-
Change in net assets	\$ (285,379)	\$ (447,814)

See Notes to Consolidated Financial Statements.

## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statement of Functional Expenses Year Ended June 30, 2020

	Program services		Supporting services			Consolidating Eliminations	Total
			Management and general		Fundraising		
	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Liberation Programs, Inc. and Associated Organizations		
Expenses							
Salaries	\$ 4,799,455	\$ 40,770	\$ 735,339	\$ -	\$ 144,765	\$ -	\$ 5,720,329
Employee benefits and payroll taxes	1,171,214	13,567	172,409	-	42,283	-	1,399,473
Total salaries and related expenses	<u>5,970,669</u>	<u>54,337</u>	<u>907,748</u>	<u>-</u>	<u>187,048</u>	<u>-</u>	<u>7,119,802</u>
Other expenses							
Contractual and professional services	172,860	41,842	132,538	-	6,490	-	353,730
Facilities and equipment rentals, repairs and taxes	432,131	50,756	318,039	-	2,730	-	803,656
Other rental expenses - Elmcrest Terrace	-	144,916	-	56,732	-	(42,000)	159,648
Utilities and communications	251,128	77,802	17,446	-	43	-	346,419
Supplies	826,831	30,853	27,370	-	1,134	-	886,188
General insurance	123,102	17,576	12,122	-	-	-	152,800
Other expenses	191,931	17,415	88,211	-	12,092	(2,842)	306,807
Provision for uncollectible accounts	32,191	-	-	-	-	-	32,191
Interest	135,274	35,713	-	-	-	-	170,987
In-kind expenses	68,387	-	-	-	-	-	68,387
Total other expenses	<u>2,233,835</u>	<u>416,873</u>	<u>595,726</u>	<u>56,732</u>	<u>22,489</u>	<u>(44,842)</u>	<u>3,280,813</u>
Total expenses before depreciation	8,204,504	471,210	1,503,474	56,732	209,537	(44,842)	10,400,615
Depreciation	363,299	192,173	4,825	-	-	-	560,297
Total expenses	<u>\$ 8,567,803</u>	<u>\$ 663,383</u>	<u>\$ 1,508,299</u>	<u>\$ 56,732</u>	<u>\$ 209,537</u>	<u>\$ (44,842)</u>	<u>\$ 10,960,912</u>

See Notes to Consolidated Financial Statements.

## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statement of Functional Expenses Year Ended June 30, 2019

	Program services		Supporting services			Consolidating Eliminations	Total
	Management and general		Fundraising				
	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Liberation Programs, Inc. and Associated Organizations		
Expenses							
Salaries	\$ 4,456,557	\$ 42,669	\$ 704,737	\$ -	\$ 200,908	\$ -	\$ 5,404,871
Employee benefits and payroll taxes	1,030,833	10,870	163,011	-	46,471	-	1,251,185
Total salaries and related expenses	<u>5,487,390</u>	<u>53,539</u>	<u>867,748</u>	<u>-</u>	<u>247,379</u>	<u>-</u>	<u>6,656,056</u>
Other expenses							
Contractual and professional services	245,196	5,402	94,179	-	66,736	-	411,513
Facilities and equipment rentals, repairs and taxes	329,989	60,958	256,717	-	3,225	-	650,889
Other rental expenses - Elmcrest Terrace	-	105,978	-	44,537	-	(42,000)	108,515
Utilities and communications	264,071	61,588	25,144	-	386	-	351,189
Supplies	697,774	40,115	19,337	-	9,191	-	766,417
General insurance	100,905	16,248	17,783	-	-	-	134,936
Other expenses	154,460	20,712	211,974	-	15,991	(28,011)	375,126
Provision for uncollectible accounts	22,269	-	-	-	-	-	22,269
Interest	112,699	38,476	-	-	-	-	151,175
In-kind expenses	85,745	-	-	-	-	-	85,745
Total other expenses	<u>2,013,108</u>	<u>349,477</u>	<u>625,134</u>	<u>44,537</u>	<u>95,529</u>	<u>(70,011)</u>	<u>3,057,774</u>
Total expenses before depreciation	7,500,498	403,016	1,492,882	44,537	342,908	(70,011)	9,713,830
Depreciation	498,584	215,611	3,770	-	-	-	717,965
Total expenses	<u>\$ 7,999,082</u>	<u>\$ 618,627</u>	<u>\$ 1,496,652</u>	<u>\$ 44,537</u>	<u>\$ 342,908</u>	<u>\$ (70,011)</u>	<u>\$ 10,431,795</u>

See Notes to Consolidated Financial Statements.

**Liberation Programs, Inc. and Associated Organizations**

**Consolidated Statements of Changes in Net Assets  
Years Ended June 30, 2020 and 2019**

	<u>Without donor restrictions</u>	<u>Non-controlling interest</u>	<u>Total</u>
Net assets/equity, June 30, 2018	\$ 5,948,990	\$ 3,918,391	\$ 9,867,381
Changes in net assets	<u>(187,323)</u>	<u>(260,491)</u>	<u>(447,814)</u>
Net assets/equity, June 30, 2019	5,761,667	3,657,900	9,419,567
Changes in net assets	<u>50,745</u>	<u>(336,124)</u>	<u>(285,379)</u>
Net assets/equity, June 30, 2020	<u>\$ 5,812,412</u>	<u>\$ 3,321,776</u>	<u>\$ 9,134,188</u>

See Notes to Consolidated Financial Statements.

**Liberation Programs, Inc. and Associated Organizations**

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Changes in net assets	\$ (285,379)	\$ (447,814)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	560,297	717,965
Unrealized gain on investments	(271)	(10,544)
Amortization of financing fees	4,531	4,535
Amortization of tax credit monitoring fees	6,086	6,086
Deferred interest	21,528	22,855
Loss on sale of property and equipment	56,233	-
Provision for uncollectible accounts	32,191	284,903
Changes in		
Accounts receivable	(641,062)	(273,755)
Grants receivable	6,347	33,948
Other receivables	(27,630)	(12,070)
Prepaid expenses	(75,963)	(20,855)
Security and other deposits	(7,351)	(82)
Accounts payable and accrued expenses	377,868	107,553
Refundable advance - PPP	1,030,600	-
Refundable advance - grants	18,084	-
	<u>1,076,109</u>	<u>412,725</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	-	(520,128)
Proceeds from sale of property and equipment	150,000	-
Capital expenditures	(446,868)	(2,615,075)
	<u>(296,868)</u>	<u>(3,135,203)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Loan proceeds	-	1,261,779
Principal payments on long-term debt	(43,374)	(35,290)
	<u>(43,374)</u>	<u>1,226,489</u>
Net cash (used in) provided by financing activities		
Net increase (decrease) in cash	735,867	(1,495,989)
Cash, beginning	<u>929,576</u>	<u>2,425,565</u>
Cash, end	<u>\$ 1,665,443</u>	<u>\$ 929,576</u>
Supplemental disclosure of cash flows information		
Interest paid	<u>\$ 131,693</u>	<u>\$ 109,118</u>

See Notes to Consolidated Financial Statements.

## **Liberation Programs, Inc. and Associated Organizations**

### **Notes to Consolidated Financial Statements June 30, 2020 and 2019**

#### **Note 1 - The Organization**

Liberation Programs, Inc. and Associated Organizations ("Liberation Programs" or the "Organization") is a substance abuse prevention and treatment organization servicing individuals and families throughout Southern Fairfield County in the State of Connecticut. The mission of the Organization is to strengthen communities through programs that prevent substance abuse, empower persons with drug and alcohol dependency to achieve sustained recovery, and support the loved ones of those struggling with addiction.

#### **Note 2 - Summary of significant accounting policies**

##### **Consolidation policy**

The consolidated financial statements of Liberation Programs, Inc. and Associated Organizations include the consolidated financial statements of Liberation Programs, Inc. and its affiliates, Friends of Liberation Programs, Inc. and LMG Investments, Inc., entities with which it shares common control and common economic interests, as well as the consolidated financial statements of its majority-owned subsidiary, Elmcrest Terrace Supportive Housing, LLC and its subsidiary. All inter-company activity is eliminated in consolidation.

Elmcrest Terrace Supportive Housing, LLC is the general partner of its subsidiary, Elmcrest Terrace Limited Partnership, a limited partnership formed for the purpose of converting a property located on Elmcrest Terrace in Norwalk, Connecticut, and formerly owned by Friends of Liberation Programs, Inc., into affordable low-income housing. Elmcrest Terrace Supportive Housing, LLC's liability is limited to the capital contributions plus any amounts guaranteed (see Note 7). The equity attributed to the limited partner investment in the partnership is reflected as the non-controlling interest in the consolidated financial statements.

##### **New accounting pronouncement**

The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers, which reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenue. The Organization adopted ASU 2014-09 on July 1, 2019 using the modified retrospective method of transition. The Organization performed an analysis of revenue streams and transactions under ASU 2014-09. In particular, for patient service revenue net of contractual allowances and discounts, the Organization performed an analysis into the application of the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. Upon adoption, the majority of what was previously classified as provision for uncollectible accounts and presented as reduction to patient revenue net of contractual allowances and discounts on the consolidated statement of activities is now treated as a price concession that reduces the transaction price, which is reported as net patient services revenue. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The impact of adopting ASU 2014-09 was not material to total revenue without donor restrictions, change in net assets without donor restrictions, or total net assets.

## Liberation Programs, Inc. and Associated Organizations

### Notes to Consolidated Financial Statements June 30, 2020 and 2019

The Organization also adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

#### **Basis of presentation**

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Organization reports information regarding its financial position and activities according to the following net asset categories:

Net assets without donor restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. Included in net assets without donor restrictions are funds that may be earmarked for specific purposes.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor restrictions at June 30, 2020 and 2019.

#### **Contributions**

Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. 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 as net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

#### **Grants and contracts**

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. When the resource provider receives commensurate value in

## **Liberation Programs, Inc. and Associated Organizations**

### **Notes to Consolidated Financial Statements June 30, 2020 and 2019**

return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction in accordance with ASU 2014-09. For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied. Grants and contracts awarded for the acquisition of long-lived assets are reported as nonoperating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

On the other hand, when the resource provider does not receive commensurate value, the transaction is accounted for as a contribution.

#### **Program service fees**

Patient care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services. The Organization measures the performance obligation from the commencement of an encounter, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the encounter.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB Accounting Standards Codification ("ASC") 606-10-50-14a, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Organization's performance obligations consist primarily of outpatient services that occur within one day of a patient's visit, thus, there were no unsatisfied or partially unsatisfied performance obligations at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy, and implicit price concessions provided to uninsured patients. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and

## Liberation Programs, Inc. and Associated Organizations

### Notes to Consolidated Financial Statements June 30, 2020 and 2019

historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

*Medicare* - Outpatient services are paid using a bundled payment model.

*Medicaid* - Reimbursements for Medicaid services are generally paid at prospectively determined rates per visit or per covered member.

*Other* - Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per visit, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant for the years ended June 30, 2020 and 2019.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended June 30, 2020 and 2019, there was no additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years.

## **Liberation Programs, Inc. and Associated Organizations**

### **Notes to Consolidated Financial Statements June 30, 2020 and 2019**

Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as provision for uncollectible accounts.

Consistent with the Organization's mission, care is provided to patients regardless of their ability to pay. Therefore, the Organization has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on its collection history with those patients.

The Organization is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Organization renders services to patients who are financially unable to pay for healthcare. The Organization provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Charity care services are computed using a sliding fee scale based on patient income and family size.

The Organization maintains records to identify and monitor the level of sliding fee discount it provides. For uninsured self-pay patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records an explicit concession to uninsured patients in the period the services are provided based on historical experience.

Based on the cost of patient services, charity care amounted to approximately \$1,650,000 and \$1,100,000, respectively, for the years ended June 30, 2020 and 2019.

Such amounts determined to qualify as charity care are not reported as revenue.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Organization does use a collections agency if the patient balance is over four months old.

The Organization has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

## Liberation Programs, Inc. and Associated Organizations

### Notes to Consolidated Financial Statements June 30, 2020 and 2019

The beginning and ending patient services receivable balances were as follows as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Accounts receivable, net	\$ 1,013,150	\$ 404,279	\$ 415,427

#### Income taxes

Liberation Programs, Inc. and LMG Investments, Inc. are classified by the Internal Revenue Service (the "IRS") as tax-exempt organizations, under Section 501(c)(3) of the Internal Revenue Code. Friends of Liberation Programs, Inc. is classified by the IRS as a tax-exempt organization, under Section 501(c)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes relating to the activities of these entities has been made in the accompanying consolidated financial statements.

Elmcrest Terrace Supportive Housing, LLC is a limited liability company of which Liberation Programs, Inc. is the majority member. The company's sole activity is its general partnership interest in Elmcrest Terrace Limited Partnership. The company has elected to be taxed as a corporation.

Elmcrest Terrace Limited Partnership (the "Partnership") has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

The Organization accounts for uncertainty in income taxes in accordance with the Income Tax Topic of the FASB ASC. The Organization files federal and state of Connecticut income tax returns, which represent the major tax jurisdictions of the Organization. Federal and state tax years 2017 through 2019 remain open for audit under the various statutes of limitations. The Organization does not believe there are any uncertain tax positions at June 30, 2020 and 2019.

If applicable, the Organization would recognize interest and penalties associated with tax matters as part of management and general expenses in the consolidated statements of activities and include accrued interest and penalties in accrued expenses in the consolidated statements of financial position. The Organization did not recognize any interest and penalties associated with the tax matters for the years ended June 30, 2020 and 2019.

#### Cash equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. There were no cash equivalents at June 30, 2020 or 2019.

## **Liberation Programs, Inc. and Associated Organizations**

### **Notes to Consolidated Financial Statements June 30, 2020 and 2019**

#### **Investments**

The Organization holds investments that consist primarily of U.S. Treasury Notes. The Organization reports investments at their current fair value and reflects any gain or loss in the consolidated statements of activities. Gains or losses are considered without donor restrictions unless restricted by donor stipulation or law.

#### **Donated services**

Donated services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services during the years ended June 30, 2020 and 2019.

#### **In-kind contributions**

The Organization reports gifts of supplies and pharmaceuticals as revenue and support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Such supplies and pharmaceuticals totaled \$68,387 and \$85,745 for the years ended June 30, 2020 and 2019, respectively, and are reflected as In-kind contributions on the consolidated statements of activities and as In-kind expenses on the consolidated statement of functional expenses.

#### **Property and equipment**

Property and equipment are recorded at cost, or in the case of donated assets at estimated fair value, at date of gift, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The title to certain equipment purchased with government grant funds is held by the grantor, although the Organization has capitalized and depreciated such equipment on its books. The Organization capitalizes all purchases of property and equipment whose cost exceeds \$500.

#### **Tax credit monitoring fees**

Costs totaling \$91,291 relating to obtaining low-income housing tax credits are being amortized on a straight-line basis over the mandatory 15-year compliance period. Accumulated amortization totals \$36,506 and \$30,420 at June 30, 2020 and 2019, respectively. Amortization expense for the each of the years ended June 30, 2020 and 2019 was \$6,086.

#### **Compensated absences**

Employees of the Organization are entitled to paid vacations depending on job classification, length of service, and other factors. The liability for compensated absences at June 30, 2020 and 2019 was \$266,555 and \$186,334, respectively. Compensated absences are included in the accounts payable and accrued liabilities caption in the consolidated statements of financial position.

#### **Deferred financing costs**

Deferred financing costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the debt to which such costs relate. Amortization of deferred financing costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

#### **Functional expenses**

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs, contracts or administrative functions of the organization. Those expenses include personnel costs (salaries, taxes and benefits) and occupancy costs. Personnel costs are

## Liberation Programs, Inc. and Associated Organizations

### Notes to Consolidated Financial Statements June 30, 2020 and 2019

allocated by employee based on time and effort. Occupancy costs are allocated based on square footage occupied for a program.

#### Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The Organization regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

#### Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

#### Subsequent events

Management has reviewed subsequent events through December 18, 2020, which is the date the consolidated financial statements were approved and available for issuance.

### Note 3 - Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2020 and 2019, the Organization has financial assets available to meet annual operating needs for fiscal year 2021 and 2020 as follows:

	2020	2019
Cash	\$ 1,665,443	\$ 929,576
Accounts receivable, net	1,013,150	404,279
Grants receivable	92,869	99,216
Other receivables	85,473	57,843
	<u>2,856,935</u>	<u>1,490,914</u>
Total	<u>\$ 2,856,935</u>	<u>\$ 1,490,914</u>

These financial assets are not subject to any donor or contractual restrictions.

In addition, the Organization has a line of credit available up to \$300,000 that can be drawn upon if necessary to meet operational activities (see Note 8).

**Liberation Programs, Inc. and Associated Organizations**

**Notes to Consolidated Financial Statements  
June 30, 2020 and 2019**

**Note 4 - Patient service revenue and receivable, net**

The composition of patient services revenue by primary payor for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Medicaid	\$ 4,006,532	\$ 4,018,090
Medicare	608,774	-
Private pay	248,245	196,257
Commercial	558,829	483,671
DMHAS-SAGA	<u>1,060,716</u>	<u>1,055,111</u>
	<u>\$ 6,483,096</u>	<u>\$ 5,753,128</u>

Revenue from patient deductibles and coinsurance are included in the preceding categories based on the primary payor.

Patient services receivable consist of amounts due from governmental programs, commercial insurance companies, other group insurance programs and private pay patients. Net patient services receivable consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Medicaid	\$ 171,082	\$ 201,302
Medicare	602,802	-
Private Pay	142,763	110,700
Commercial	66,557	32,714
DMHAS-SAGA	<u>74,048</u>	<u>100,310</u>
	1,057,252	445,026
Less allowance for doubtful accounts	<u>(45,175)</u>	<u>(47,369)</u>
	<u>\$ 1,012,077</u>	<u>\$ 397,657</u>

The Organization's concentration of credit risk relating to patient services receivables primarily relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but the patient responsibility amounts remain outstanding. The Organization had approximately no write-offs during the years ended June 30, 2020 and 2019, respectively, based on patient-specific impairment events.

**Liberation Programs, Inc. and Associated Organizations**

**Notes to Consolidated Financial Statements  
June 30, 2020 and 2019**

**Note 5 - Property and equipment**

At June 30, 2020 and 2019, property and equipment consisted of the following:

	<u>Depreciable lives</u>	<u>2020</u>	<u>2019</u>
Land	N/A	\$ 1,282,203	\$ 1,313,168
Building and improvements	10 - 40 years	16,695,277	16,641,442
Furniture, fixtures and equipment	3 - 10 years	1,610,822	1,516,833
Vehicles	5 years	<u>310,689</u>	<u>183,774</u>
		19,898,991	19,655,217
Less accumulated depreciation		<u>(7,479,016)</u>	<u>(7,032,711)</u>
		12,419,975	12,622,506
Construction in progress	N/A	<u>-</u>	<u>117,131</u>
Total		<u>\$ 12,419,975</u>	<u>\$ 12,739,637</u>

Construction in progress consists of building improvements and other projects not yet complete as of the consolidated statements of financial position date. These assets are not placed in service and, thus, are not depreciable.

**Note 6 - Investments**

The Organization holds investments that are primarily made up of U.S. Treasury notes which are considered Level 1 investments. Level 1 investments are investments for which inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. The value of the Organization's investments at June 30, 2020 and 2019 was \$530,943 and \$530,672, respectively.

All investments are financial instruments whose fair value can be readily determined. Investments are reported at fair value, which includes adjustments for unrealized gains and losses. Unrealized gains and losses arise from changes in the fair value of investments exclusive of dividend and interest income recognized but not yet received and exclusive of any write-down of the carrying amount of investments because of impairment. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions. The Organization's investments are not encumbered by any restrictions from donors or creditors. The fair value is subject to the risks of market and economic conditions.

**Liberation Programs, Inc. and Associated Organizations**

**Notes to Consolidated Financial Statements  
June 30, 2020 and 2019**

**Note 7 - Long-term notes payable**

	2020	2019
<p>Mortgage note, net of unamortized debt issuance costs of \$27,154 and \$30,734 as of June 30, 2020 and 2019, respectively, secured by property at 115-125 Main Street, Stamford, CT which has an approximate net book value of \$808,000. Due in aggregate monthly installments of principal and interest of \$8,217 at an interest rate of 4.97% through February 2043.</p>	\$ 1,330,507	\$ 1,361,044
<p>Vehicle note payable is due in aggregate monthly installments of principal and interest of \$544 at an interest rate of 6% through February 2020. This note is secured by the vehicle.</p>	-	4,259
<p>Construction mortgage which allows for draws up to \$1,300,000. Monthly payments of interest only at 4.97% were due and payable on the first date of each month, commencing March 1, 2018 to and including February 1, 2020. Commencing on March 1, 2020, principal and interest is payable in equal monthly installments until the maturity date of February 1, 2045. This mortgage is secured by the building at 399-419 Mill Hill Avenue in Bridgeport, Connecticut which has an approximate net book value of \$3,089,000.</p>	1,249,253	1,257,831
<p>Elmcrest Terrace Limited Partnership obtained a loan in the principal amount of \$2,043,320, which bears interest at 1%, compounded annually and payable at maturity on April 1, 2065, net of unamortized loan issuance costs of \$42,550 and \$43,501 as of June 30, 2020 and 2019, respectively. The loan is secured by the underlying property which has a net book value of \$6,692,000 at June 30, 2020.</p>	2,185,378	2,163,850
<p>Unamortized debt issuance costs</p>	4,765,138	4,786,984
<p>Less current portion</p>	69,704	74,235
	58,781	43,336
	\$ 4,636,653	\$ 4,669,413

## Liberation Programs, Inc. and Associated Organizations

### Notes to Consolidated Financial Statements June 30, 2020 and 2019

The scheduled principal payments for the mortgage and notes payable for the five years subsequent to June 30, 2020 and thereafter are as follows:

2021	\$	58,781
2022		61,794
2023		64,960
2024		68,121
2025		71,873
Thereafter		<u>4,439,609</u>
Total	\$	<u><u>4,765,138</u></u>

#### Note 8 - Line of credit

In January 2018, the Organization obtained a \$300,000 line of credit. The line is secured by all business assets of the Organization. Interest is computed at Prime plus 1% (effective rate - 5.25% at June 30, 2020). There were no borrowings at June 30, 2020 and June 30, 2019. The line of credit matures on April 1, 2021.

#### Note 9 - Refundable advance - PPP

During 2020, the Organization was granted a \$1,030,600 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its 24-week covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1% per annum in monthly payments beginning on October 17, 2020. Principal and interest payments will be required through the maturity date, March 17, 2022. See Note 15.

#### Note 10 - Leases

The Organization has operating leases for office space and copiers with future minimum annual rental payments as follows:

2021	\$	294,185
2022		181,308
2023		62,376
2024		<u>15,594</u>
	\$	<u><u>553,463</u></u>

The leases expire at various times through October 2023. Rent expense under operating leases for the years ended June 30, 2020 and 2019 was \$320,592 and \$315,108, respectively.

## **Liberation Programs, Inc. and Associated Organizations**

### **Notes to Consolidated Financial Statements June 30, 2020 and 2019**

#### **Note 11 - Employee benefit plan**

The Organization sponsors a 401(k) plan for substantially all of its employees. Contributions to the plan are computed as a percentage of eligible employees' basic compensation. Eligible employees may make voluntary contributions to the Plan. Employer contributions and administrative costs charged to expense amounted to \$61,581 and \$65,649 for the years ended June 30, 2020 and 2019, respectively.

#### **Note 12 - Concentrations**

Cash and cash equivalents include all cash balances and all highly liquid investments purchased with a maturity of three months or less when acquired. There were no cash equivalents at June 30, 2020 or 2019. The Organization places its temporary cash balances with federally-insured financial institutions. At times, such balances may exceed federally-insured limits.

#### **Note 13 - Commitments and contingencies**

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions can result in the return of funds to grantors causing unexpended refundable grants. Grant requirements mandate that a percentage of any surplus be returned to the grantors. There were no funds required to be returned to any grantors at June 30, 2020 and 2019. Additionally, DMHAS places certain restrictions on the disposition of assets purchased with funds provided by DMHAS.

Elmcrest Terrace Supportive Housing, LLC, as the general partner of Elmcrest Terrace Limited Partnership, is obligated to fund operating deficits of the Partnership through additional capital contributions up to \$159,000. Operating deficit contributions are payable from cash flow without interest. The guarantee period begins upon rent up stabilization date, which occurred during 2015, and is in effect through approximately five years thereafter. There was no requirement to make additional contributions during 2020 or 2019.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's patients, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain, and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

#### **Note 14 - Professional liability**

The Organization maintains insurance coverage for professional liability on a "claims-made" basis. The coverage limits are \$1,000,000 per claim and \$3,000,000 in the aggregate.

**Liberation Programs, Inc. and Associated Organizations**

**Notes to Consolidated Financial Statements  
June 30, 2020 and 2019**

**Note 15 - Subsequent event**

Subsequent to year end the Organization received notification from its bank of formal forgiveness of the PPP loan. This amount will be recorded as contribution revenue during the year ended June 30, 2021.

## **Supplementary Information**

**Liberation Programs, Inc. and Associated Organizations**

**Consolidating Statement of Financial Position**

**June 30, 2020**

<u>Assets</u>	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
Current assets				
Cash	\$ 1,664,883	\$ 560	\$ -	\$ 1,665,443
Accounts receivable, net	1,012,077	1,073	-	1,013,150
Grants receivable	92,869	-	-	92,869
Other receivables	85,473	-	-	85,473
Prepaid expenses	162,571	405	-	162,976
Total current assets	<u>3,017,873</u>	<u>2,038</u>	<u>-</u>	<u>3,019,911</u>
Property and equipment, net	<u>5,724,618</u>	<u>6,695,357</u>	<u>-</u>	<u>12,419,975</u>
Other assets				
Note receivable	477,000	-	(477,000)	-
Investment in limited liability company	800,925	-	(800,925)	-
Investments	530,943	-	-	530,943
Security and other deposits	20,750	207,560	-	228,310
Tax credit monitoring fees, net of \$36,506	-	54,785	-	54,785
Total other assets	<u>1,829,618</u>	<u>262,345</u>	<u>(1,277,925)</u>	<u>814,038</u>
Total assets	<u>\$ 10,572,109</u>	<u>\$ 6,959,740</u>	<u>\$ (1,277,925)</u>	<u>\$ 16,253,924</u>

**Liberation Programs, Inc. and Associated Organizations**

**Consolidating Statement of Financial Position**

**June 30, 2020**

<u>Liabilities and Net Assets/Equity</u>	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
Current liabilities				
Notes payable - current portion	\$ 58,781	\$ -	\$ -	\$ 58,781
Refundable advance - PPP	1,030,600	-	-	1,030,600
Refundable advance - grants	18,084	-	-	18,084
Accounts payable and accrued liabilities	<u>1,158,404</u>	<u>217,214</u>	<u>-</u>	<u>1,375,618</u>
Total current liabilities	2,265,869	217,214	-	2,483,083
Notes payable, net	<u>2,493,828</u>	<u>2,619,825</u>	<u>(477,000)</u>	<u>4,636,653</u>
Total liabilities	<u>4,759,697</u>	<u>2,837,039</u>	<u>(477,000)</u>	<u>7,119,736</u>
Net assets/equity				
Without donor restrictions	<u>5,812,412</u>	<u>-</u>	<u>-</u>	<u>5,812,412</u>
Total Liberation Programs, Inc. and Associated Organizations net assets	5,812,412	-	-	5,812,412
Controlling interest	-	800,925	(800,925)	-
Non-controlling interest	<u>-</u>	<u>3,321,776</u>	<u>-</u>	<u>3,321,776</u>
Total net assets/equity	<u>5,812,412</u>	<u>4,122,701</u>	<u>(800,925)</u>	<u>9,134,188</u>
Total liabilities and net assets/equity	<u>\$ 10,572,109</u>	<u>\$ 6,959,740</u>	<u>\$ (1,277,925)</u>	<u>\$ 16,253,924</u>

See Independent Auditor's Report.

**Liberation Programs, Inc. and Associated Organizations**

**Consolidating Statement of Financial Position**

**June 30, 2019**

<u>Assets</u>	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
Current assets				
Cash	\$ 903,208	\$ 26,368	\$ -	\$ 929,576
Accounts receivable, net	397,657	6,622	-	404,279
Grants receivable	99,216	-	-	99,216
Other receivables	57,843	-	-	57,843
Prepaid expenses	87,013	-	-	87,013
Total current assets	<u>1,544,937</u>	<u>32,990</u>	<u>-</u>	<u>1,577,927</u>
Property and equipment, net	<u>5,863,107</u>	<u>6,876,530</u>	<u>-</u>	<u>12,739,637</u>
Other assets				
Note receivable	477,000	-	(477,000)	-
Investment in limited liability company	803,767	-	(803,767)	-
Investments	530,672	-	-	530,672
Security and other deposits	20,750	200,209	-	220,959
Tax credit monitoring fees, net of \$30,420	-	60,871	-	60,871
Total other assets	<u>1,832,189</u>	<u>261,080</u>	<u>(1,280,767)</u>	<u>812,502</u>
Total assets	<u>\$ 9,240,233</u>	<u>\$ 7,170,600</u>	<u>\$ (1,280,767)</u>	<u>\$ 15,130,066</u>

**Liberation Programs, Inc. and Associated Organizations**

**Consolidating Statement of Financial Position**

**June 30, 2019**

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
<u>Liabilities and Net Assets/Equity</u>				
Current liabilities				
Notes payable - current portion	\$ 43,336	\$ -	\$ -	\$ 43,336
Accounts payable and accrued liabilities	886,166	111,584	-	997,750
Total current liabilities	929,502	111,584	-	1,041,086
Notes payable, net	2,549,064	2,597,349	(477,000)	4,669,413
Total liabilities	3,478,566	2,708,933	(477,000)	5,710,499
Net assets/equity				
Without donor restrictions	5,761,667	-	-	5,761,667
Total Liberation Programs, Inc. and Associated Organizations net assets	5,761,667	-	-	5,761,667
Controlling interest	-	803,767	(803,767)	-
Non-controlling interest	-	3,657,900	-	3,657,900
Total net assets/equity	5,761,667	4,461,667	(803,767)	9,419,567
Total liabilities and net assets/equity	\$ 9,240,233	\$ 7,170,600	\$ (1,280,767)	\$ 15,130,066

See Independent Auditor's Report.

## Liberation Programs, Inc. and Associated Organizations

### Consolidating Statement of Activities Year Ended June 30, 2020

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
Revenues without donor restrictions and other support				
Net patient service revenue	\$ 6,483,096	\$ -	\$ -	\$ 6,483,096
DMHAS grant	2,729,632	-	-	2,729,632
Other federal and state funding	256,870	-	-	256,870
Municipal grants	156,449	-	-	156,449
United Way contributions	50,583	-	-	50,583
Other contributions	245,041	-	-	245,041
Special events, net of special event costs of direct benefit to donors	324,648	-	-	324,648
In-kind contributions	68,387	-	-	68,387
Rental income	521	378,436	-	378,957
Other income	77,390	2,713	(42,000)	38,103
	<u>10,392,617</u>	<u>381,149</u>	<u>(42,000)</u>	<u>10,731,766</u>
Total revenues without donor restrictions and other support				
Expenses				
Program services	8,204,504	471,210	(44,842)	8,630,872
Management and general	1,503,474	56,732	-	1,560,206
Fundraising	209,537	-	-	209,537
Depreciation	368,124	192,173	-	560,297
	<u>10,285,639</u>	<u>720,115</u>	<u>(44,842)</u>	<u>10,960,912</u>
Total expenses				
Operating income (loss)	<u>106,978</u>	<u>(338,966)</u>	<u>2,842</u>	<u>(229,146)</u>
Nonoperating activity				
Loss on sale of property and equipment	<u>(56,233)</u>	<u>-</u>	<u>-</u>	<u>(56,233)</u>
Total nonoperating activity	<u>(56,233)</u>	<u>-</u>	<u>-</u>	<u>(56,233)</u>
Changes in net assets	<u>\$ 50,745</u>	<u>\$ (338,966)</u>	<u>\$ 2,842</u>	<u>\$ (285,379)</u>

See Independent Auditor's Report.

## Liberation Programs, Inc. and Associated Organizations

### Consolidating Statement of Activities Year Ended June 30, 2019

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
Revenues without donor restrictions and other support				
Net patient service revenue	\$ 5,753,128	\$ -	\$ -	\$ 5,753,128
DMHAS grant	2,580,929	-	-	2,580,929
Other federal and state funding	374,811	-	-	374,811
Municipal grants	103,137	-	-	103,137
United Way contributions	60,416	-	-	60,416
Other contributions	147,250	-	-	147,250
Special events, net of special event costs of direct benefit to donors	386,756	-	-	386,756
In-kind contributions	85,745	-	-	85,745
Rental income	88,421	371,004	-	459,425
Other income	70,726	3,658	(42,000)	32,384
	<u>9,651,319</u>	<u>374,662</u>	<u>(42,000)</u>	<u>9,983,981</u>
Total revenues without donor restrictions and other support				
Expenses				
Program services	7,500,498	403,016	(70,011)	7,833,503
Management and general	1,492,882	44,537	-	1,537,419
Fundraising	342,908	-	-	342,908
Depreciation	502,354	215,611	-	717,965
	<u>9,838,642</u>	<u>663,164</u>	<u>(70,011)</u>	<u>10,431,795</u>
Total expenses				
Increase (decrease) in net assets without donor restrictions	<u>(187,323)</u>	<u>(288,502)</u>	<u>28,011</u>	<u>(447,814)</u>
Changes in net assets	<u>\$ (187,323)</u>	<u>\$ (288,502)</u>	<u>\$ 28,011</u>	<u>\$ (447,814)</u>

See Independent Auditor's Report.

**Liberation Programs, Inc. and Associated Organizations**

**Consolidating Statements of Changes in Net Assets  
Years Ended June 30, 2020 and 2019**

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC	Elmcrest Terrace Limited Partnership Controlling	Elmcrest Terrace Limited Partnership Non-controlling	Total Elmcrest Terrace Limited Partnership		Elmcrest Terrace Supportive Housing, LLC and Subsidiary		
	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Without donor restrictions	Consolidating eliminations	Total	Consolidating Eliminations	Total
Net assets/equity, June 30, 2018	\$ 5,948,990	\$ 831,778	\$ 807,548	\$ 3,942,621	\$ 4,750,169	\$ (831,778)	\$ 4,750,169	\$ (831,778)	\$ 9,867,381
Changes in net assets	(187,323)	(28,011)	2,997	(291,499)	(288,502)	28,011	(288,502)	28,011	(447,814)
Net assets/equity, June 30, 2019	5,761,667	803,767	810,545	3,651,122	4,461,667	(803,767)	4,461,667	(803,767)	9,419,567
Changes in net assets	50,745	(2,842)	(34)	(338,932)	(338,966)	2,842	(338,966)	2,842	(285,379)
Net assets/equity, June 30, 2020	\$ 5,812,412	\$ 800,925	\$ 810,511	\$ 3,312,190	\$ 4,122,701	\$ (800,925)	\$ 4,122,701	\$ (800,925)	\$ 9,134,188

See Independent Auditor's Report.



**Independent Member of Nexia International**

**[cohnreznick.com](http://cohnreznick.com)**

Memorandum

**To:** Hon. David R. Martin  
Mayor of Stamford

**From:** John Hamilton  
President and CEO, Liberation Programs

**Re:** Budget Narrative

**Date:** January 8, 2021

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Since 1971, Liberation Programs has served Stamford, making recovery from Substance Use Disorder a reality for thousands of members of the community. Liberation provides critically-needed services to those suffering from addiction as well as prevention-based outreach to youth to encourage them to make better choices in their lives.

Operating support from the City of Stamford helps Liberation Programs to ensure a robust offering of both inpatient and outpatient programs from our location in downtown Stamford. Through the requested operating grant support, the City helps to make possible our Stamford-based array of services, including inpatient treatment for men; outpatient medication-assisted treatment; mental health counseling; case management; and basic essentials (e.g. hygiene items, bedding, clothing, etc.). This funding is used to support the staffing necessary to run the facilities, along with other operating costs such as utilities, insurance, food, supplies, and debt service. In short, the City's flexible operating dollars give Liberation the ability to spend where needed in order to effectively, efficiently run our treatment and mental health programs.

Liberation has long prided itself on its commitment to serving the behavioral health needs of the individuals and families of lower Fairfield County, regardless of clients' insurance status or ability to pay. In a time of great uncertainty in terms of public funding and health insurance reimbursement, operating dollars such as those provided by the City of Stamford have never been more important. Additionally, the COVID-19 pandemic has only exacerbated these issues, making funding for our programs all the more necessary.

We are grateful for your long-time support and for your consideration of the present request. As always, I am at your disposal to answer any questions you may have.

Thank you,



John Hamilton  
President and CEO