



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

Consolidated Financial Statements (With Supplementary Information)  
and Uniform Guidance and State Single Audit  
Schedules Together with Independent Auditors' Reports

June 30, 2025 and 2024

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

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and Uniform Guidance and State Single Audit  
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June 30, 2025 and 2024

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## **Independent Auditors' Report**

**Board of Directors**  
**Liberation Programs, Inc. and Associated Organizations**

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Liberation Programs, Inc. and Associated Organizations (the "Agency"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Agency as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying schedule of expenditures of state financial assistance, as required by the *Connecticut State Single Audit Act* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information on pages 42-46 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 GAAS. In our opinion, the 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 March 30, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the Agency's 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 the Agency's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Shelton, Connecticut  
March 30, 2026

## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statements of Financial Position

	June 30,	
	2025	2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,124,662	\$ 1,843,760
Accounts receivable, net of allowance for credit losses of \$473,202 and \$386,582	2,695,385	1,962,126
Grants receivable	645,800	499,978
Other receivable	870,545	71,782
Prepaid expenses	177,138	138,827
Total Current Assets	5,513,530	4,516,473
Property, plant and equipment, net	12,111,229	10,847,656
Operating leases - right-of-use asset	3,780,377	428,338
Investments	344,879	3,671,675
Security and other deposits	188,293	165,843
Tax credit monitoring fees, net	24,367	30,451
	\$ 21,962,675	\$ 19,660,436
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Current portion of long-term debt	\$ 75,264	\$ 71,574
Current portion of operating lease liabilities	387,477	158,948
Accounts payable and accrued expenses	2,799,774	2,557,199
Deferred revenue	589,518	894,267
Total Current Liabilities	3,852,033	3,681,988
Operating lease liabilities, less current portion	3,423,754	276,248
Long-term debt, less current portion	4,176,603	4,247,328
Total Liabilities	11,452,390	8,205,564
Net Assets		
Without donor restrictions	8,682,784	9,355,005
Noncontrolling interest	1,827,501	2,099,867
Total Net Assets	10,510,285	11,454,872
	\$ 21,962,675	\$ 19,660,436

See notes to consolidated financial statements

## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statements of Activities

	Year Ended June 30,	
	2025	2024
<b>PUBLIC SUPPORT AND REVENUES</b>		
<b>(WITHOUT RESTRICTIONS)</b>		
Government grants	\$ 6,463,706	\$ 5,394,638
Client service revenue, net of contractual allowance	14,073,667	14,470,261
Contributions	469,751	272,100
Rental income	416,427	379,217
Special events	241,291	294,590
Insurance recovery - lost revenue	803,459	-
Investment income and other	206,076	225,827
Total Public Support and Revenue Without Restrictions	22,674,377	21,036,633
 <b>EXPENSES</b>		
Program Services		
Addiction treatment	5,901,897	5,205,301
Inpatient treatment	5,513,658	5,366,982
Outpatient services	3,604,201	3,113,380
Rental	1,263,177	959,998
Other	2,080,925	1,441,531
Total Program Services	18,363,858	16,087,192
Supporting Services		
Management and general	4,864,493	4,344,392
Fundraising	390,613	298,275
Total Expenses	23,618,964	20,729,859
Change in Net Assets	\$ (944,587)	\$ 306,774

See notes to consolidated financial statements

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

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2025

	Program Services					Total Program Services	Supporting Services		Total
	Addiction Treatment	Inpatient Treatment	Outpatient Services	Rental	Other		Management and General	Fundraising	
Salaries and wages	\$ 4,140,485	\$ 3,111,933	\$ 2,550,319	\$ 248,507	\$ 1,297,293	\$ 11,348,537	\$ 1,515,985	\$ 317,558	\$ 13,182,080
Payroll taxes	299,706	229,447	184,626	19,084	94,872	827,735	138,471	22,209	988,415
Employee benefits	734,514	471,955	465,385	30,615	211,519	1,913,988	526,232	50,846	2,491,066
Laboratory services and drugs	218,775	69,639	89,658	13	216	378,301	1,097	-	379,398
Food supplies	10,898	717,518	22,991	343	52,902	804,652	151	-	804,803
Contracted services	255,140	347,987	95,813	174,023	192,462	1,065,425	644,870	-	1,710,295
Maintenance	12,759	105,607	27,698	37,810	4,205	188,079	83,268	-	271,347
Occupancy and utilities	2,193	28,960	31,134	63,510	5,031	130,828	733,807	-	864,635
Telephone	7,023	15,568	7,580	6,563	12,647	49,381	10,411	-	59,792
Equipment rental	30,117	53,681	4,609	1,335	13,563	103,305	98,768	-	202,073
Insurance	100,887	102,113	52,226	24,985	11,420	291,631	34,502	-	326,133
Professional fees	-	-	-	51,508	1,937	53,445	102,715	-	156,160
Office supplies and expenses	70,813	108,117	43,782	62,138	88,717	373,567	132,481	-	506,048
Transportation and lodging	9,243	26,969	6,387	9,189	58,770	110,558	46,120	-	156,678
Depreciation and amortization	1,902	64,202	-	350,363	9,680	426,147	186,023	-	612,170
Bad debt	-	-	-	18,906	-	18,906	500,342	-	519,248
Interest expense	-	-	-	164,285	-	164,285	-	-	164,285
Other	7,442	58,856	21,743	-	25,691	113,732	76,884	-	190,616
Fundraising event	-	1,106	250	-	-	1,356	32,366	-	33,722
<b>Total Expenses</b>	<b>\$ 5,901,897</b>	<b>\$ 5,513,658</b>	<b>\$ 3,604,201</b>	<b>\$ 1,263,177</b>	<b>\$ 2,080,925</b>	<b>\$ 18,363,858</b>	<b>\$ 4,864,493</b>	<b>\$ 390,613</b>	<b>\$ 23,618,964</b>

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

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2024

	Program Services					Supporting Services			
	Addiction Treatment	Inpatient Treatment	Outpatient Services	Rental	Other	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 3,723,137	\$ 3,171,207	\$ 2,328,291	\$ 59,390	\$ 947,454	\$ 10,229,479	\$ 1,456,606	\$ 193,483	\$ 11,879,568
Payroll taxes	266,440	231,129	169,793	7,117	69,283	743,762	125,767	17,584	887,113
Employee benefits	637,389	479,231	379,170	9,993	134,512	1,640,295	444,392	49,391	2,134,078
Laboratory services and drugs	217,785	95,265	16,466	-	59,737	389,253	181	-	389,434
Food supplies	9,841	531,311	20,155	-	38,269	599,576	109	-	599,685
Contracted services	120,386	278,367	4,858	139,977	35,614	579,202	754,719	-	1,333,921
Maintenance	17,178	171,077	27,051	31,575	3,270	250,151	44,156	-	294,307
Occupancy and utilities	765	33,084	34,479	63,366	2,647	134,341	372,426	-	506,767
Telephone	5,187	11,433	6,556	4,066	9,600	36,842	13,289	-	50,131
Equipment rental	28,028	41,762	4,654	1,408	13,087	88,939	114,055	-	202,994
Insurance	84,701	89,644	43,838	42,915	12,391	273,489	25,322	-	298,811
Professional fees	-	-	9,704	16,630	158	26,492	113,764	-	140,256
Office supplies and expenses	48,666	117,348	36,771	3,041	40,499	246,325	118,627	-	364,952
Transportation and lodging	31,724	22,552	12,154	-	47,966	114,396	61,008	-	175,404
Depreciation and amortization	2,648	63,797	65	351,610	16,162	434,282	179,934	-	614,216
Bad debt	-	-	-	61,921	-	61,921	451,338	-	513,259
Interest expense	-	-	-	166,989	-	166,989	-	-	166,989
Other	11,426	29,775	19,375	-	10,882	71,458	68,699	-	140,157
Fundraising event	-	-	-	-	-	-	-	37,817	37,817
<b>Total Expenses</b>	<b>\$ 5,205,301</b>	<b>\$ 5,366,982</b>	<b>\$ 3,113,380</b>	<b>\$ 959,998</b>	<b>\$ 1,441,531</b>	<b>\$ 16,087,192</b>	<b>\$ 4,344,392</b>	<b>\$ 298,275</b>	<b>\$ 20,729,859</b>

## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statements of Changes in Net Assets Years Ended June 30, 2025 and 2024

	<u>Without donor restrictions</u>	<u>Noncontrolling interest</u>	<u>Total</u>
Net assets/equity, June 30, 2023	\$ 8,718,082	\$ 2,430,016	\$ 11,148,098
Change in net assets	<u>636,923</u>	<u>(330,149)</u>	<u>306,774</u>
Net assets/equity, June 30, 2024	9,355,005	2,099,867	11,454,872
Change in net assets	<u>(672,221)</u>	<u>(272,366)</u>	<u>(944,587)</u>
Net assets/equity, June 30, 2025	<u>\$ 8,682,784</u>	<u>\$ 1,827,501</u>	<u>\$ 10,510,285</u>

See notes to consolidated financial statements

## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (944,587)	\$ 306,774
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	612,170	614,216
Amortization of debt issuance costs	4,529	4,529
Investment income (loss)	3,743	(26,140)
Provision for credit losses	519,248	513,259
Amortization of operating leases - right-of-use asset	373,943	139,439
Changes in operating assets and liabilities		
Accounts receivable	(1,252,507)	(405,761)
Grants receivable	(145,822)	(51,982)
Other receivable	(798,763)	30,015
Prepaid expenses	(38,311)	3,726
Security and other deposits	(22,450)	(23,936)
Tax credit monitoring fees	6,084	6,084
Accounts payable and accrued expenses	242,575	475,948
Operating lease liabilities	(349,947)	(137,853)
Deferred revenue	(304,749)	695,008
Net Cash from Operating Activities	(2,094,844)	2,143,326
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(6,947)	(3,585,727)
Proceeds from sale of investments	3,330,000	480,000
Purchases of property, plant and equipment	(1,875,743)	(97,478)
Net Cash from Investing Activities	1,447,310	(3,203,205)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of long-term debt	(71,564)	(67,748)
Net Change In Cash and Cash Equivalents	(719,098)	(1,127,627)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	1,843,760	2,971,387
End of year	\$ 1,124,662	\$ 1,843,760
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 119,462	\$ 119,462

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

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### **1. Nature of the Operations**

Liberation Programs, Inc. and Associated Organizations (the “Agency”) include the consolidated financial statements of Liberation Programs, Inc. and its affiliates, Friends of Liberation Programs, Inc. and LMG Investments, Inc., with which it shares common control and common economic interest (collectively “Liberation Programs”), as well as the consolidated financial statements of its majority-owned subsidiary, Elmcrest Terrace Supportive Housing, LLC and its Subsidiary.

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

Elmcrest Terrace Supportive Housing, LLC is the general partner of its subsidiary, Elmcrest Terrace Limited Partnership, a limited partnership formed for converting a property located on Elmcrest Terrace in Norwalk, Connecticut into affordable low-income housing. Elmcrest Terrace Supportive Housing, LLC's liability, is limited to the capital contributions plus any amounts guaranteed (see Note 8). The equity attributed to the limited partner investment in the partnership is reflected as the noncontrolling interest in the consolidated financial statements.

All significant intercompany accounts and transactions have been eliminated in consolidation.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

#### ***Estimates and Assumptions***

The Agency uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash balances held in bank accounts and highly liquid deposits with maturities of three months or less at the time of purchase.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Concentration of Credit Risk***

Financial instruments that potentially subject the Agency to concentrations of credit and market risk consist principally of cash and cash equivalents, accounts receivable, other receivable and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation (“SIPC”) are insured up to \$500,000 (\$250,000 for cash holdings). At times, cash balances may exceed the FDIC/SIPC limit. As of June 30, 2025 and 2024, the Agency’s uninsured cash balances on deposit totaled approximately \$556,000 and \$1,339,000.

As part of its ongoing control procedures, the Agency evaluates the collectability of accounts receivable and other receivables.

#### ***Investments***

The Agency holds investments that consist of fixed income and equity securities. The Agency 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. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

Estimated fair value is based on the criteria outlined in Financial Accounting Standards Board Accounting Standard Codification No. 820 (“ASC 820”) *Fair Value Measurements and Disclosures*. ASC 820 established a “three-tier” valuation hierarchy to prioritize the assumptions used in valuation techniques to measure fair value.

The three levels of fair value hierarchy under ASC 820 are described below:

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- **Level 2** – Quoted prices in active markets for similar assets and liabilities or quoted prices in less active, dealer or broker markets;
- **Level 3** – Prices or valuations that require inputs that are both significant in the fair value measurements and are unobservable.

Investment expenses such as custodial, commission, and investment advisory fees are netted against investment income in the consolidated statements of activities.

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

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Property, Plant and Equipment***

Property, plant and equipment are stated at cost or donated value. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the term of the lease.

Expenditures for renewals and betterments exceeding \$5,000 and extending the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

#### ***Valuation of Long-Lived Assets***

The Agency reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. No impairment loss was recorded for the years ended June 30, 2025 and 2024.

#### ***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 totaled \$66,924 and \$60,840 at June 30, 2025 and 2024. Amortization expense for the each of the years ended June 30, 2025 and 2024 totaled \$6,084.

#### ***Debt Issuance Costs***

The Agency follows U.S. GAAP guidance for the presentation of debt issuance costs whereby such costs are a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on the method that approximates the interest method. The Agency reflects the amortization of debt issuance costs within interest expense.

#### ***Leases***

The Agency assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

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

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Leases (continued)***

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Agency's lease agreements contain lease and non-lease components, which are generally accounted for separately. The Agency accounts for the lease and non-lease components as a single lease component. Variable lease components in these leases are common area maintenance, utilities, and real estate taxes are recognized in expense in the period in which the obligation is incurred.

The Agency has noncancellable operating leases for its facilities and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating leases – right-of-use (“ROU”) assets and operating lease liabilities on the accompanying consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Agency elects to treat any non-lease components of lease agreements as a lease component.

As most of the leases do not provide an implicit borrowing rate, the Agency generally uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The ROU asset includes any lease payments made and excludes lease incentives. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

#### ***Deferred Revenue***

Deferred revenue consists of prepayment of program services that have not yet been delivered. Deferred revenue at July 1, 2023 totaled \$199,259.

#### ***Net Assets Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

- Without donor restrictions – net assets not subject to donor-imposed stipulations and therefore are expendable for operating purposes.
- With donor restrictions – net assets subject to donor-imposed stipulations that will be met by the actions of the Agency and/or by passage of time or require the net assets be maintained permanently by the Agency. At June 30, 2025 and 2024, there are no net assets with donor restrictions.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Revenue Recognition***

##### Client Service Revenue and Accounts Receivable

Client service revenue, net of contractual allowances (“client service revenues”) consist of revenues from the Agency’s performance of addiction treatment and mental health services. The Agency bills patients and third-party payors for services after the services have been performed. Client service revenue is recognized as performance obligations are satisfied. The Agency considers the performance obligation to be satisfied at a point in time once underlying services have been provided.

Client service revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing patient care. The Agency’s initial estimate of the transaction price (as defined in U.S. GAAP) for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to patient services provided by various elements of variable consideration, including explicit price concessions provided, primarily to uninsured patients, and other reductions to the Agency’s standard charges. The Agency determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements and historical experience. For self-insured patients, the Agency determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimation of the transaction price are based on the Agency’s historical collections experience for applicable portfolios.

The Agency maintains records to identify and monitor the level of concession it provides to uninsured patients. For uninsured self-pay patients, the Agency 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 Agency’s uninsured patients are unable or unwilling to pay for the services provided. Thus, the Agency 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 provided to uninsured patients totaled approximately \$473,000 and \$372,000 for the years ended June 30, 2025 and 2024. Such amounts determined to qualify as charity care are not reported as revenue.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustment to client service revenues in the period of change.

For the years ended June 30, 2025 and 2024, changes in the estimates of implicit price concessions, contractual adjustments and other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies *(continued)*

#### *Revenue Recognition (continued)*

##### Client Service Revenue and Accounts Receivable *(continued)*

The Agency uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

The Agency has elected the practical expedient 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 Agency's expectations 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. As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Agency has elected to apply the optional exemption provided in U.S. GAAP 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. Costs to obtain a contract are generally immaterial, but the Agency has elected the practical expedient to expense these costs as incurred if the amortization period of the capitalized cost would be one year or less.

Revenue due from patients, a governmental program, and other third-party payors may include variable consideration for retroactive adjustments due to settlement of audits, reviews and investigations, which is estimated at the time revenue is initially recognized and reflected as a component of revenue.

Client service revenue by major payor sources for the year ended June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Third Party Payors:		
Commercial	\$ 887,022	\$ 803,252
Governmental	11,516,003	11,982,613
Medicare Advantage	1,514,625	1,576,479
Self-Pay	<u>156,017</u>	<u>107,917</u>
	<u>\$ 14,073,667</u>	<u>\$ 14,470,261</u>

##### Composition of Accounts Receivable

Accounts receivable and client service revenue result from services provided by the Agency and are reported at the amount that reflects the consideration to which the Agency 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 may include variable consideration for retroactive revenue adjustments due to settlement of ongoing and future audits, reviews and investigations.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies *(continued)*

#### *Revenue Recognition (continued)*

##### Composition of Accounts Receivable *(continued)*

Accounts receivable consists of the following at June 30:

	2025	2024
Governmental	\$ 2,121,631	\$ 1,191,896
Commercial	184,843	243,359
Medicare Advantage	337,131	426,784
Self-Pay	51,780	100,087
	<u>\$ 2,695,385</u>	<u>\$ 1,962,126</u>

##### Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at amortized costs less an allowance for credit losses that are not expected to be recovered. The amount of accounts receivable and corresponding allowance for credit losses are presented on the consolidated statement of financial position. The Agency maintains allowances for credit losses resulting from the expected failure or inability of its patients to make required payments. The Agency recognizes the allowances for credit losses at inception and reassess at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with uncollectible accounts, the credit quality of the patient base, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. The Agency's allowance for credit losses is based on the assessment of the collectability of assets pooled together with similar risk characteristics.

The Agency's accounts receivable are short-term in nature and written off only when all collection attempts have failed. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery. Accounts receivable at July 1, 2023 totaled \$2,069,624.

##### Contributions

The Agency recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Agency reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Revenue Recognition (continued)***

##### Contributions *(continued)*

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

##### Government Grant Revenues and Grants Receivable

Government grant revenues are considered non-exchange transactions and are subject to Accounting Standards Update 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

Refundable government grants consist of government grants received for which performance requirements or incurrence of allowable qualifying expenses have not yet been met or incurred. Grants receivable represent amounts due from federal and state agencies for grants for which the Agency has met the conditional performance requirements or incurred the allowable qualifying expenses as specified by the grant agreements. There were no allowances for grants receivable at June 30, 2025 and 2024.

##### Rental Income

Rental income is recognized as rents become due. Rental payments received in advance will be deferred until earned. All leases between the Agency and the tenants of the property are operating leases and are 12-months or less in duration.

##### Insurance Recovery – Lost Revenue

During 2025, the Agency recognized \$803,459 in insurance proceeds related to a business interruption claim arising from a fire. These proceeds were intended to compensate for lost revenue incurred during the year ended June 30, 2025.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Functional Expenses***

The costs of providing programs and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses are charged directly to program services, development and fundraising, and management and general based on specific identification to the extent practicable. Expenses that benefit more than one function have been allocated using a base most appropriate to the particular cost: the payroll costs of a staff person with responsibilities in multiple program areas is allocated based on job function and time allocation; occupancy and depreciation expenses are allocated based on square footage or head count; IT expenses are allocated based on head count of those using software applications. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Agency.

#### ***Income Taxes***

Liberation Programs, Inc. and LMG Investments, Inc. are classified by the Internal Revenue Service ("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. Elmcrest Terrace Supportive Housing, LLC sole activity is its general partnership interest in Elmcrest Terrace Limited Partnership and 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 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 Agency recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Agency had no uncertain tax positions that would require financial statement recognition or disclosure. The Agency is no longer subject to examinations by taxing jurisdictions for periods prior to June 30, 2022.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Income Taxes (continued)***

If applicable, the Agency 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 Agency did not recognize any interest and penalties associated with the tax matters for the years ended June 30, 2025 and 2024.

#### ***Employee Tax Deferred Compensation Plan***

The Agency sponsors a qualified tax deferred compensation plan as defined under Section 401(k) of the Internal Revenue Code (the "Plan") covering substantially all 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 \$306,816 and \$225,515 for the years ended June 30, 2025 and 2024.

#### ***Reclassifications***

Certain amounts in the 2024 consolidated financial statements have been reclassified to conform to the 2025 presentation.

#### ***Subsequent Events***

Management has reviewed subsequent events through March 30, 2026, which is the date the consolidated financial statements were approved and available for issuance.

### 3. Investments and Fair Value Measurements

The carrying values and costs of investments is as follows at June 30:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Fixed income	\$ 243,000	\$ 243,494	\$ 3,573,000	\$ 3,592,629
Equity securities	14,708	101,385	13,366	79,046
	<u>\$ 257,708</u>	<u>\$ 344,879</u>	<u>\$ 3,586,366</u>	<u>\$ 3,671,675</u>

The Agency's investments are carried at fair value using Level 1 inputs.

## Liberation Programs, Inc. and Associated Organizations

### Notes to the Consolidated Financial Statements June 30, 2025 and 2024

#### 4. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30:

	2025	2024	Estimated Useful Lives
Land	\$ 1,282,203	\$ 1,282,203	N/A
Construction in progress	1,887,079	88,697	N/A
Building and building improvements	16,738,758	16,728,034	10-40 years
Furniture, fixtures and equipment	1,752,016	1,752,016	3-10 years
Vehicles	500,882	434,245	5 years
	22,160,938	20,285,195	
Accumulated depreciation and amortization	10,049,709	9,437,539	
	\$ 12,111,229	\$ 10,847,656	

#### 5. Line of Credit

The Agency has a revolving loan agreement with a bank permitting borrowings to fund working capital needs up to \$1,000,000. Borrowings on the revolving loan agreement are payable in monthly installments of interest only at the bank's index rate, as defined, plus 1.00%. The line of credit is secured by all the Agency's business assets. There were no outstanding borrowings at June 30, 2025 and 2024.

#### 6. Debt

Debt consists of the following at June 30:

	2025	2024
Mortgage note, secured by property at 115-125 Main Street, Stamford, Connecticut, with an approximate net book value of \$3,377,000 at June 30, 2025. Due in aggregate monthly installments of principal and interest of \$8,217 at an interest rate of 4.97% through February 2043.	\$ 1,151,670	\$ 1,191,151
Mortgage note, secured by property at 399-419 Mill Hill Avenue in Bridgeport, with an approximate net book value of \$2,589,000 at June 30, 2025. Due in aggregate monthly installments of principal and interest of \$7,383 at an interest rate of 4.97% through February 2045.	1,103,940	1,136,023
Elmcrest Terrace - note payable bearing interest at 1%, compounded annually and payable in full, including all accrued interest, at maturity on April 1, 2065. The loan is secured by the underlying property which has an approximate net book value of \$5,794,000 at June 30, 2025.	2,043,320	2,043,320
	4,298,930	4,370,494
Unamortized debt issuance costs	(47,063)	(51,592)
Less current portion	(75,264)	(71,574)
	\$ 4,176,603	\$ 4,247,328

## Liberation Programs, Inc. and Associated Organizations

### Notes to the Consolidated Financial Statements June 30, 2025 and 2024

#### 6. Debt (continued)

The mortgage and notes payable repayments over the next five years and thereafter are as follows for the years ending June 30:

2026	\$	75,264
2027		79,145
2028		82,941
2029		87,504
2030		92,018
Thereafter		<u>3,882,058</u>
	\$	<u>4,298,930</u>

Accrued interest totaled \$416,976 and \$378,987 at June 30, 2025 and 2024 and are recorded in accrued expenses in the consolidated statements of financial position.

#### 7. Liquidity and Availability of Financial Resources

The Agency 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. Financial assets available to meet annual operating needs within one year of the consolidated statement financial position date are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,124,662	\$ 1,843,760
Accounts receivable, net	2,695,385	1,962,126
Grants receivable	645,800	499,978
Other receivable	870,545	71,782
Investments	<u>344,879</u>	<u>3,671,675</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 5,681,271</u>	<u>\$ 8,049,321</u>

These financial assets are not subject to any donor or contractual restrictions. In addition, the Agency has a line of credit available up to \$1,000,000 that can be drawn up if necessary to meet operational activities (see Note 5).

#### 8. Commitments and Contingencies

##### Leases

The Agency leases its facilities and equipment under operating leases with unrelated parties which expire at various dates through September 2035. The leases generally require the Agency pay substantially all executory costs applicable to leased properties.

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 8. Commitments and Contingencies *(continued)*

#### ***Leases (continued)***

Consolidated statements of financial position information related to operating leases is as follows as of June 30:

	2025	2024
Operating leases - right-of-use asset	\$ 3,780,377	\$ 428,338
Current portion of operating lease liabilities	\$ 387,477	\$ 158,948
Noncurrent portion of operating lease liabilities	3,423,754	276,248
	\$ 3,811,231	\$ 435,196

Operating lease expense totaled \$373,943 and \$139,439 for the years ended June 30, 2025 and 2024.

Information associated with the measurement of the Agency's operating lease obligations were as follows at June 30:

	2025	2024
Weighted-average remaining lease term in years for operating leases	9.62	2.85
Weighted-average discount rate for operating leases	4.46%	2.84%

As of June 30, 2025, maturities for operating lease liabilities were as follows:

	2026	\$ 548,075
	2027	518,364
	2028	416,765
	2029	416,514
	2030	426,927
	Thereafter	2,413,476
Total future minimum lease payments		4,740,121
Less imputed interest		(928,890)
Total lease liabilities		\$ 3,811,231

Supplemental cash flow information related to operating leases were as follows for the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 318,115	\$ 134,825
ROU assets obtained in exchange for new operating lease liabilities	3,602,800	-

## Liberation Programs, Inc. and Associated Organizations

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### 8. Commitments and Contingencies (*continued*)

#### ***Grant Requirements***

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, 2025 and 2024. Additionally, the Connecticut Department of Mental Health and Addiction Services (“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 15 years thereafter. There was no requirement to make additional contributions during 2025 and 2024.

#### ***Concentrations***

The Agency receives a significant portion of its revenue from numerous federal and state grants and fees. A significant reduction in the level of this support, if it were to occur, could have a significant impact on the Agency’s financial position or future changes in net assets.

For the years ended June 30, 2025 and 2024, the Agency received approximately 22% and 20% of its support from DMHAS.

\* \* \* \* \*

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

Uniform Guidance and Schedules  
Together with Independent Auditors' Reports

June 30, 2025

Liberation Programs, Inc. and Associated Organizations

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
<b>Pass-through program from Yale University:</b>				
Research and Training in Complimentary Integrative Health	93.213	CON-80004995	\$ -	\$ 66,579
			-	66,579
<b>Pass-through program from State of Connecticut Department of Mental Health and Addiction Services:</b>				
Substance Abuse and Mental Health Services Projects of Regional Significance	93.243	23MHA1068-01	-	194,300
<b>Pass-through program from the U.S. Department of Health and Human Services Centers for Disease Control and Prevention:</b>				
Drug-Free Communities Support Program Grants	93.276	N/A	-	74,000
<b>Pass-through programs from NYU Grossman School of Medicine:</b>				
Drug Abuse and Addiction Research Programs	93.279	23-A0-S2-003671	-	99,306
Drug Abuse and Addiction Research Programs	93.279	24-A0-00-003671	-	40,057
<b>Pass-through programs from Yale University:</b>				
Drug Abuse and Addiction Research Programs	93.279	CON-80004090	-	50,044
Drug Abuse and Addiction Research Programs	93.279	CON-80004783	-	52,214
			-	241,621
<b>Pass-through program from State of Connecticut Department of Mental Health and Addiction Services:</b>				
Social Services Block Grant	93.667	N/A	-	152,046
<b>Pass-through programs from State of Connecticut Department of Mental Health and Addiction Services:</b>				
Opioid STR	93.788	23MHA6075	-	43,750
Opioid STR	93.788	23MHA6045	-	18,750
Opioid STR	93.788	25MHA6043	-	56,250
Opioid STR	93.788	25MHA6063	-	131,250
<b>Pass-through program from RYASAP:</b>				
Opioid STR	93.788	N/A	-	5,000
			-	255,000
<b>Pass-through program from Apex Community Care:</b>				
HIV Emergency Relief Project Grants	93.914	N/A	-	9,103
<b>Pass-through program from Family Centers, Inc.:</b>				
HIV Emergency Relief Project Grants	93.914	N/A	-	102,750
<b>Pass-through program from GBAPP:</b>				
HIV Emergency Relief Project Grants	93.914	N/A	-	126,481
<b>Pass-through program from Southwest Community Health Center:</b>				
HIV Emergency Relief Project Grants	93.914	N/A	-	48,576
			-	286,910
<b>Pass-through program from Connecticut Harm Reduction Alliance:</b>				
Block Grants for Community Mental Health Services	93.958	N/A	-	52,521
<b>Pass-through programs from State of Connecticut Department of Mental Health and Addiction Services:</b>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	23MHA2019	-	476,582
Block Grants for Prevention and Treatment of Substance Abuse	93.959	25MHA6009	-	205,347
<b>Pass-through program from Connecticut Harm Reduction Alliance:</b>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	-	52,521
			-	734,450
<b>Total U.S. Department of Health and Human Services</b>				
			-	2,057,427
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grants - Entitlement Grants Cluster				
<b>Pass-through program from the Town of Greenwich:</b>				
Community Development Block Grants - Entitlement Grants Cluster	14.218	N/A	-	7,285
<b>Pass-through program from the City of Stamford:</b>				
Community Development Block Grants - Entitlement Grants Cluster	14.218	N/A	-	6,000
<b>Pass-through program from the City of Bridgeport:</b>				
Community Development Block Grants - Entitlement Grants Cluster	14.218	CDBG YR 48	-	9,818
Total Community Development Block Grants - Entitlement Grants Cluster			-	23,103
<b>Total U.S. Department of Housing and Urban Development</b>				
			-	23,103
<b>Department of Justice</b>				
<b>Pass-through program from State of Connecticut Department of Mental Health and Addiction Services:</b>				
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	22MHA1118-01	-	985,410
<b>Total Department of Justice</b>				
			-	985,410
<b>Department of the Treasury</b>				
<b>Pass-through program from the Town of Westport:</b>				
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	N/A	-	15,125
<b>Pass-through programs from the Town of Greenwich:</b>				
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	N/A	-	10,000
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	N/A	-	10,000
			-	20,000

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

Schedule of Expenditures of Federal Awards (continued)  
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<b>Pass-through program from the Town of Norwalk:</b>				
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	N/A	-	<u>22,050</u>
<b>Pass-through programs from State of Connecticut Department of Mental Health and Addiction Services:</b>				
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	N/A	-	60,886
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	25MHA6009	-	<u>6,562</u>
			-	<u>67,448</u>
<b>Pass-through programs from the Judicial Branch:</b>				
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	N/A	-	250,000
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	4200-25	-	<u>1,874</u>
			-	<u>251,874</u>
<b>Total Department of the Treasury</b>			-	<u>376,497</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ <u>3,442,437</u></b>

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

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Liberation Programs, Inc. and Associated Organizations (the "Agency") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **3. Indirect Cost Rate**

The Agency has elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

**Independent Auditors' Report**

**Board of Directors  
Liberation Programs, Inc. and Associated Organizations**

We have audited, in accordance with the 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, the consolidated financial statements of Liberation Programs, Inc. and Associated Organizations (the "Agency"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 30, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Agency's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Agency's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Shelton, Connecticut  
March 30, 2026

**Report on Compliance for Each Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Directors  
Liberation Programs, Inc. and Associated Organizations**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Liberation Programs, Inc. and Associated Organizations (the "Agency") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2025. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Shelton, Connecticut  
March 30, 2026

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

Schedule of Federal Findings and Questioned Costs  
Year Ended June 30, 2025

**I. Summary of Auditors' Results**

**Consolidated Financial Statements**

Type of report the auditors' issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?  Yes  No

• Significant deficiency(ies) identified?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

• Material weakness(es) identified?  Yes  No

• Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  Yes  No

Identification of major federal programs:

<b>Federal Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
16.838	U.S. Department of Justice: Comprehensive Opioid, Stimulant, and Substance Abuse Program

Dollar threshold used to distinguish between Type A and type B programs: \$750,000

Auditee qualified as a low risk auditee?  Yes  No

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

Schedule of Federal Findings and Questioned Costs *(continued)*  
Year Ended June 30, 2025

### **II. Financial Statement Findings**

#### **2025-001 Accounts Receivable**

##### **Condition**

The Agency experienced significant delays in applying cash receipts to accounts receivable balances. As a result, cash receipts were not recorded and reconciled in a timely manner, which contributed to delays in the preparation and issuance of the audited financial statements.

##### **Criteria**

Sound internal control practices require that cash receipts be recorded and applied to accounts receivable in a timely manner to ensure accurate financial reporting. Additionally, *Government Auditing Standards* emphasize the importance of maintaining effective internal controls over financial reporting to support timely and reliable financial statements.

##### **Cause**

The delay was due to inadequate procedures and/or insufficient staffing resources to ensure timely processing and reconciliation of cash receipts to accounts receivable.

##### **Effect**

Delays in applying cash receipts increased the risk of inaccurate or incomplete financial records and contributed to delays in the completion of the audit and issuance of the financial statements. This may also impact board of directors' ability to rely on timely financial information.

##### **Recommendation**

We recommend that the Agency strengthen its procedures for processing and reconciling cash receipts by establishing clear timelines, assigning appropriate personnel, and implementing monitoring controls to ensure timely application of receipts to accounts receivable. Management should also consider periodic supervisory review to ensure compliance with established procedures.

### **III. Federal Award Findings and Questioned Costs**

None reported.



## CORRECTIVE ACTION PLAN

Finding Reference Number: 2025-001

Description of Finding:

The Agency experienced significant delays in applying cash receipts to accounts receivable balances. As a result, cash receipts were not recorded and reconciled in a timely manner, which contributed to delays in the preparation and issuance of the audited financial statements.

Statement of Concurrence or Nonconcurrence:

The management of the Agency concurs with the auditors' finding.

Corrective Action:

The Agency acknowledges the delays in applying cash receipts to accounts receivable and the resulting impact on timely financial reporting. To address this issue, management will implement the following corrective actions:

1. Develop and document standardized procedures for the timely processing and application of cash receipts to accounts receivable, including defined timelines.
2. Evaluate current staffing levels and assign clear responsibilities for cash application and reconciliation to ensure adequate coverage and accountability.
3. Introduce periodic monitoring controls, including supervisory review of unapplied cash and aging of accounts receivable, to ensure timely processing and identify delays promptly.
4. Perform regular (e.g., weekly or monthly) reconciliations between cash receipts and accounts receivable balances to ensure completeness and accuracy.
5. Provide training to relevant personnel on updated procedures and expectations to ensure consistent and timely application of cash receipts.

Implementation Timeline

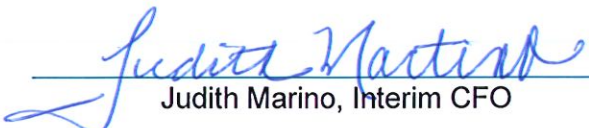
Management anticipates implementing these corrective actions by June 30, 2026.

Name of Contact Person:

Judith Martino, Interim Chief Financial Officer

Email: [judith.martino@liberationprograms.org](mailto:judith.martino@liberationprograms.org)

Phone # 203.604.1169

  
Judith Marino, Interim CFO

  
Date

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

State Single Audit Schedules  
Together with Independent Auditors' Report

June 30, 2025

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

Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2025

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Expenditures</u>
<b><u>Department of Mental Health and Addiction Services</u></b>			
Grants for Substance Abuse Services	11000-MHA53000-16003	\$ -	\$ 1,672,424
Grants for Substance Abuse Services	11000-MHA53000-16003	-	151,200
		-	<u>1,823,624</u>
Residential Substance Use Treatment Services (CSSD Beds)	11000-MHA53000-90245	-	371,200
Disordered Gambling Integration Initiative	11000-MHA53000-35198	-	37,500
Managed Service System	11000-MHA53000-12157	-	<u>3,254</u>
<b>Pass-through program from Catholic Charities of Fairfield County, Inc.:</b>			
Managed Service System	11000-MHA53000-12157	-	277,661
		-	<u>280,915</u>
<b>Pass-through program from Housing Collective:</b>			
Housing Supports and Services	11000-MHA53000-12035	-	<u>84,500</u>
<b>Total Department of Mental Health and Addiction Services</b>			
		-	<u>2,597,739</u>
<b><u>Judicial Branch</u></b>			
Adult Behavioral Health Services (ABHS)	11000-JUD96114-12043-055	-	325,702
<b>Total Judicial Branch</b>			
		-	<u>325,702</u>
<b><u>Department of Public Health</u></b>			
<b>Pass-through program from Apex Community Care:</b>			
HIV Services	12060-DPH48500-30401	-	173,097
<b>Total Department of Public Health</b>			
		-	<u>173,097</u>
<b>Total Expenditures of State Financial Assistance</b>		<b>\$ -</b>	<b>\$ <u>3,096,538</u></b>

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

Notes to the Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2025

### **1. Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Liberation Programs, Inc. and Associated Organizations (the "Agency") under programs of the State of Connecticut for the fiscal year ended June 30, 2025. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the schedule presents only a selected portion of the operations of the Agency, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Agency.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

#### ***Basis of Accounting***

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on the expenditure activity, and accordingly are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

### **2. Subrecipients**

No state financial assistance was provided to subrecipients during the year ended June 30, 2025.

\* \* \* \* \*

**Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the State Single Audit Act**

**Independent Auditors' Report**

**Board of Directors  
Liberation Programs, Inc. and Associated Organizations**

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Liberation Programs, Inc. and Associated Organizations (the "Agency") compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management *Compliance Supplement* that could have a direct and material effect on each of the Agency's major state programs for the year ended June 30, 2025. The Agency's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's state programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Shelton, Connecticut  
March 30, 2026

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

Schedule of State Findings and Questioned Costs  
Year Ended June 30, 2025

**I. Summary of Auditors' Results**

**Consolidated Financial Statements**

Type of report the auditors' issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      x   No
- Significant deficiency(ies) identified?   x   Yes    \_\_\_\_\_ No
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      x   No

**State Financial Assistance**

Internal control over major state programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      x   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      x   None reported

Type of auditors' report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

\_\_\_\_\_ Yes      x   No

The following schedule reflects the major state program included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Mental Health and Addiction Services Grants for Substance Abuse Services	11000-MHA53000-16003	\$ 1,823,624

Dollar threshold used to distinguished between type A and type B programs: \$300,000

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

Schedule of State Findings and Questioned Costs (*continued*)  
Year Ended June 30, 2025

### **II. Financial Statement Findings**

#### **2025-001 Accounts Receivable**

##### **Condition**

The Agency experienced significant delays in applying cash receipts to accounts receivable balances. As a result, cash receipts were not recorded and reconciled in a timely manner, which contributed to delays in the preparation and issuance of the audited financial statements.

##### **Criteria**

Sound internal control practices require that cash receipts be recorded and applied to accounts receivable in a timely manner to ensure accurate financial reporting. Additionally, *Government Auditing Standards* emphasize the importance of maintaining effective internal controls over financial reporting to support timely and reliable financial statements.

##### **Cause**

The delay was due to inadequate procedures and/or insufficient staffing resources to ensure timely processing and reconciliation of cash receipts to accounts receivable.

##### **Effect**

Delays in applying cash receipts increased the risk of inaccurate or incomplete financial records and contributed to delays in the completion of the audit and issuance of the financial statements. This may also impact board of directors' ability to rely on timely financial information.

##### **Recommendation**

We recommend that the Agency strengthen its procedures for processing and reconciling cash receipts by establishing clear timelines, assigning appropriate personnel, and implementing monitoring controls to ensure timely application of receipts to accounts receivable. Management should also consider periodic supervisory review to ensure compliance with established procedures.

### **III. State Award Findings and Questioned Costs**

None reported.

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

Supplementary Information  
June 30, 2025

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

Consolidating Statement of Financial Position  
June 30, 2025

	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,119,940	\$ 4,722	\$ -	\$ 1,124,662
Accounts receivable, net	2,658,633	36,752	-	2,695,385
Grants receivable	645,800	-	-	645,800
Other receivable	996,545	-	(126,000)	870,545
Prepaid expenses	177,138	-	-	177,138
Total Current Assets	<u>5,598,056</u>	<u>41,474</u>	<u>(126,000)</u>	<u>5,513,530</u>
Property, plant and equipment, net	6,317,189	5,794,040	-	12,111,229
Note receivable	477,000	-	(477,000)	-
Investment in limited liability company	817,687	-	(817,687)	-
Operating leases - right-of-use asset	3,780,377	-	-	3,780,377
Investments	344,879	-	-	344,879
Security and other deposits	80,329	107,964	-	188,293
Tax credit monitoring fees, net	-	24,367	-	24,367
	<u>\$ 17,415,517</u>	<u>\$ 5,967,845</u>	<u>\$ (1,420,687)</u>	<u>\$ 21,962,675</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of long-term debt	\$ 75,264	\$ -	\$ -	\$ 75,264
Current portion of operating lease liabilities	387,477	-	-	387,477
Accounts payable and accrued expenses	2,085,624	840,150	(126,000)	2,799,774
Deferred revenue	589,518	-	-	589,518
Total Current Liabilities	<u>3,137,883</u>	<u>840,150</u>	<u>(126,000)</u>	<u>3,852,033</u>
Operating lease liabilities, less current portion	3,423,754	-	-	3,423,754
Note payable, related party	-	477,000	(477,000)	-
Long-term debt, less current portion	2,171,096	2,005,507	-	4,176,603
Total Liabilities	<u>8,732,733</u>	<u>3,322,657</u>	<u>(603,000)</u>	<u>11,452,390</u>
Net Assets/Equity				
Without donor restrictions				
Total Liberation Programs, Inc. and Associated Organizations Net Assets	8,682,784	-	-	8,682,784
Controlling interest	-	817,687	(817,687)	-
Noncontrolling interest	-	1,827,501	-	1,827,501
Total Net Assets/Equity	<u>8,682,784</u>	<u>2,645,188</u>	<u>(817,687)</u>	<u>10,510,285</u>
Total Liabilities and Net Assets/Equity	<u>\$ 17,415,517</u>	<u>\$ 5,967,845</u>	<u>\$ (1,420,687)</u>	<u>\$ 21,962,675</u>

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

Consolidating Statement of Financial Position  
June 30, 2024

	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,849,247	\$ (5,487)	\$ -	\$ 1,843,760
Accounts receivable, net	1,925,351	55,580	(18,805)	1,962,126
Grants receivable	499,978	-	-	499,978
Other receivable	71,782	(11,076)	11,076	71,782
Prepaid expenses	<u>129,380</u>	<u>9,447</u>	<u>-</u>	<u>138,827</u>
Total Current Assets	4,475,738	48,464	(7,729)	4,516,473
Property, plant and equipment, net	4,878,985	5,968,671	-	10,847,656
Note receivable	477,000	-	(477,000)	-
Investment in limited liability company	814,678	-	(814,678)	-
Operating leases - right-of-use asset	428,338	-	-	428,338
Investments	3,671,675	-	-	3,671,675
Security and other deposits	70,929	94,914	-	165,843
Tax credit monitoring fees, net	<u>-</u>	<u>30,451</u>	<u>-</u>	<u>30,451</u>
	<u>\$ 14,817,343</u>	<u>\$ 6,142,500</u>	<u>\$ (1,299,407)</u>	<u>\$ 19,660,436</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Current portion of long-term debt	\$ 71,574	\$ -	\$ -	\$ 71,574
Current portion of operating lease liabilities	158,948	-	-	158,948
Accounts payable and accrued expenses	1,818,532	746,396	(7,729)	2,557,199
Deferred revenue	<u>894,267</u>	<u>-</u>	<u>-</u>	<u>894,267</u>
Total Current Liabilities	2,943,321	746,396	(7,729)	3,681,988
Operating lease liabilities, less current portion	276,248	-	-	276,248
Note payable, related party	-	477,000	(477,000)	-
Long-term debt, less current portion	<u>2,242,769</u>	<u>2,004,559</u>	<u>-</u>	<u>4,247,328</u>
Total Liabilities	<u>5,462,338</u>	<u>3,227,955</u>	<u>(484,729)</u>	<u>8,205,564</u>
Net Assets/Equity				
Without donor restrictions				
Total Liberation Programs, Inc. and Associated Organizations Net Assets	9,355,005	-	-	9,355,005
Controlling interest	-	814,678	(814,678)	-
Noncontrolling interest	<u>-</u>	<u>2,099,867</u>	<u>-</u>	<u>2,099,867</u>
Total Net Assets/Equity	<u>9,355,005</u>	<u>2,914,545</u>	<u>(814,678)</u>	<u>11,454,872</u>
Total Liabilities and Net Assets/Equity	<u>\$ 14,817,343</u>	<u>\$ 6,142,500</u>	<u>\$ (1,299,407)</u>	<u>\$ 19,660,436</u>

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

Consolidating Statement of Activities  
Year Ended June 30, 2025

	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES (WITHOUT RESTRICTIONS)</b>				
Government grants	\$ 6,463,706	\$ -	\$ -	\$ 6,463,706
Client service revenue, net of contractual allowance	14,073,667	-	-	14,073,667
Contributions	469,751	-	-	469,751
Rental income	-	416,427	-	416,427
Special events	241,291	-	-	241,291
Insurance recovery - lost revenue	803,459	-	-	803,459
Investment income and other	<u>198,465</u>	<u>10,017</u>	<u>(2,406)</u>	<u>206,076</u>
Total Public Support and Revenue Without Restrictions	<u>22,250,339</u>	<u>426,444</u>	<u>(2,406)</u>	<u>22,674,377</u>
<b>EXPENSES</b>				
Program Services				
Addiction treatment	5,901,897	-	-	5,901,897
Inpatient treatment	5,513,658	-	-	5,513,658
Outpatient services	3,604,201	-	-	3,604,201
Rental	700,327	562,850	-	1,263,177
Other	<u>2,080,925</u>	<u>-</u>	<u>-</u>	<u>2,080,925</u>
Total Program Services	17,801,008	562,850	-	18,363,858
Supporting Services				
Management and general	4,730,939	133,554	-	4,864,493
Fundraising	<u>390,613</u>	<u>-</u>	<u>-</u>	<u>390,613</u>
Total Expenses	<u>22,922,560</u>	<u>696,404</u>	<u>-</u>	<u>23,618,964</u>
 Change in Net Assets	 <u>\$ (672,221)</u>	 <u>\$ (269,960)</u>	 <u>\$ (2,406)</u>	 <u>\$ (944,587)</u>

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

Consolidating Statement of Activities  
Year Ended June 30, 2024

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
<b>PUBLIC SUPPORT AND REVENUES (WITHOUT RESTRICTIONS)</b>				
Government grants	\$ 5,394,638	\$ -	\$ -	\$ 5,394,638
Client service revenue, net of contractual allowance	14,470,261	-	-	14,470,261
Contributions	272,100	-	-	272,100
Rental income	-	379,217	-	379,217
Special events	294,590	-	-	294,590
Investment income and other	<u>263,245</u>	<u>4,582</u>	<u>(42,000)</u>	<u>225,827</u>
Total Public Support and Revenue Without Restrictions	<u>20,694,834</u>	<u>383,799</u>	<u>(42,000)</u>	<u>21,036,633</u>
<b>EXPENSES</b>				
Program Services				
Addiction treatment	5,205,301	-	-	5,205,301
Inpatient treatment	5,366,982	-	-	5,366,982
Outpatient services	3,113,380	-	-	3,113,380
Rental	455,318	546,680	(42,000)	959,998
Other	<u>1,441,531</u>	<u>-</u>	<u>-</u>	<u>1,441,531</u>
Total Program Services	15,582,512	546,680	(42,000)	16,087,192
Supporting Services				
Management and general	4,177,124	167,268	-	4,344,392
Fundraising	<u>298,275</u>	<u>-</u>	<u>-</u>	<u>298,275</u>
Total Expenses	<u>20,057,911</u>	<u>713,948</u>	<u>(42,000)</u>	<u>20,729,859</u>
 Change in Net Assets	 <u>\$ 636,923</u>	 <u>\$ (330,149)</u>	 <u>\$ -</u>	 <u>\$ 306,774</u>

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

Consolidating Statement of Changes in Net Assets

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC	Elmcrest Terrace Controlling	Limited Partnership Noncontrolling	Total Elmcrest Terrace Limited Partnership	Consolidating Eliminations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions		Total		Total
Net assets/equity, June 30, 2023	\$ 8,718,082	\$ 814,678	\$ 810,423	\$ 2,430,016	\$ 3,240,439	\$ (810,423)	\$ 3,244,694	\$ (814,678)	\$ 11,148,098
Change in net assets	<u>636,923</u>	<u>-</u>	<u>-</u>	<u>(330,149)</u>	<u>(330,149)</u>	<u>-</u>	<u>(330,149)</u>	<u>-</u>	<u>306,774</u>
Net assets/equity, June 30, 2024	9,355,005	814,678	810,423	2,099,867	2,910,290	(810,423)	2,914,545	(814,678)	11,454,872
Change in net assets	<u>(672,221)</u>	<u>3,009</u>	<u>(603)</u>	<u>(272,366)</u>	<u>(272,969)</u>	<u>603</u>	<u>(269,357)</u>	<u>(3,009)</u>	<u>(944,587)</u>
Net assets/equity, June 30, 2025	<u>\$ 8,682,784</u>	<u>\$ 817,687</u>	<u>\$ 809,820</u>	<u>\$ 1,827,501</u>	<u>\$ 2,637,321</u>	<u>\$ (809,820)</u>	<u>\$ 2,645,188</u>	<u>\$ (817,687)</u>	<u>\$ 10,510,285</u>