

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

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

**June 30, 2022 and 2021**

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

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## Independent Auditor's Report

To the Board of Directors  
Liberation Programs, Inc. and Subsidiaries

Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Liberation Programs, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Liberation Programs, Inc. and Subsidiaries as of June 30, 2022 and 2021, 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Liberation Programs, Inc. and Subsidiaries 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.

The financial statements of certain affiliates were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those certain affiliates.

### *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 Liberation Programs, Inc. and Subsidiaries' ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### *Auditor's 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 auditor's 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 Liberation Programs, Inc. and Subsidiaries' 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 Liberation Programs, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

#### Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, on our consideration of the Liberation Programs, Inc. and Subsidiaries' 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 Liberation Programs, Inc. and Subsidiaries' 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 Liberation Programs, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Hartford, Connecticut  
January 11, 2023

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

**Consolidated Statements of Financial Position  
June 30, 2022 and 2021**

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 2,116,366	\$ 2,432,590
Accounts receivable, net	818,195	855,823
Grants receivable	367,225	303,828
Other receivables	73,412	67,894
Prepaid expenses	103,975	69,631
	<u>3,479,173</u>	<u>3,729,766</u>
Property and equipment, net	<u>11,590,273</u>	<u>11,822,840</u>
Other assets		
Investments	38,477	25,484
Security and other deposits	144,115	228,014
Tax credit monitoring fees, net of accumulated amortization of \$48,672 and \$42,588	<u>42,619</u>	<u>48,703</u>
Total other assets	<u>225,211</u>	<u>302,201</u>
Total assets	<u><u>\$ 15,294,657</u></u>	<u><u>\$ 15,854,807</u></u>
	<u>Liabilities and Net Assets/Equity</u>	
Current liabilities		
Notes payable - current portion	\$ 64,960	\$ 61,794
Refundable advance - grants	20,996	27,315
Accounts payable and accrued liabilities	<u>1,536,930</u>	<u>1,422,024</u>
Total current liabilities	1,622,886	1,511,133
Notes payable, net	<u>4,563,137</u>	<u>4,601,374</u>
Total liabilities	<u>6,186,023</u>	<u>6,112,507</u>
Net assets/equity		
Without donor restrictions		
Total Liberation Programs, Inc. and Associated Organizations net assets	6,375,219	6,731,503
Non-controlling interest	<u>2,733,415</u>	<u>3,010,797</u>
Total net assets/equity	<u>9,108,634</u>	<u>9,742,300</u>
Total liabilities and net assets/equity	<u><u>\$ 15,294,657</u></u>	<u><u>\$ 15,854,807</u></u>

See Notes to Consolidated Financial Statements.

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

**Consolidated Statements of Activities  
Years Ended June 30, 2022 and 2021**

	2022	2021
Revenues without donor restrictions and other support		
Net patient service revenue	\$ 7,112,453	\$ 6,128,543
DMHAS grant	3,109,992	2,895,048
Other federal and state funding	847,171	1,114,672
Contribution - PPP	-	1,030,600
Municipal grants	183,149	187,465
United Way contributions	54,558	52,461
Other contributions	178,751	363,631
Special events	221,745	242,995
Rental income	332,939	345,709
Other income	32,651	54,425
	<hr/>	<hr/>
Total revenues without donor restrictions and other support	12,073,409	12,415,549
	<hr/>	<hr/>
Expenses		
Program services	9,514,657	9,172,088
Management and general	2,369,686	1,889,867
Fundraising	243,829	163,716
Depreciation	565,910	535,406
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Total expenses	12,694,082	11,761,077
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Operating (loss) income	(620,673)	654,472
	<hr/>	<hr/>
Nonoperating activity		
Loss on sale of property and equipment	-	(41,819)
Unrealized gain on investments	(12,993)	(4,541)
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Total nonoperating activity	(12,993)	(46,360)
	<hr/>	<hr/>
Change in net assets	\$ (633,666)	\$ 608,112
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See Notes to Consolidated Financial Statements.

# Liberation Programs, Inc. and Associated Organizations

## Consolidated Statement of Functional Expenses Year Ended June 30, 2022

	Program services		Supporting services			Consolidating Eliminations	Total
	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Fundraising Liberation Programs, Inc. and Associated Organizations		
Expenses							
Salaries	\$ 5,905,524	\$ 27,777	\$ 981,786	\$ -	\$ 122,991	\$ -	\$ 7,038,078
Employee benefits and payroll taxes	1,261,834	13,047	273,672	-	43,202	-	1,591,755
Total salaries and related expenses	7,167,358	40,824	1,255,458	-	166,193	-	8,629,833
Other expenses							
Contractual and professional services	216,001	27,241	322,110	-	18,028	(2,050)	581,330
Facilities and equipment rentals, repairs and taxes	224,100	85,681	566,608	-	3,353	-	879,742
Other rental expenses - Elmcrest Terrace	-	58,992	-	14,656	-	(42,000)	31,648
Utilities and communications	284,862	73,986	45,355	-	765	-	404,968
Supplies	554,641	45,257	124,684	-	12,732	-	737,314
General insurance	170,492	31,209	18,502	-	-	-	220,203
Other expenses	383,245	-	22,313	-	1,849	(5,655)	401,752
Interest	125,646	41,759	-	-	-	(38)	167,367
Special events	33,106	-	-	-	40,909	-	74,015
Total other expenses	1,992,093	364,125	1,099,572	14,656	77,636	(49,743)	3,498,339
Total expenses before depreciation	9,159,451	404,949	2,355,030	14,656	243,829	(49,743)	12,128,172
Depreciation	338,027	199,991	27,892	-	-	-	565,910
Total expenses	\$ 9,497,478	\$ 604,940	\$ 2,382,922	\$ 14,656	\$ 243,829	\$ (49,743)	\$ 12,694,082

See Notes to Consolidated Financial Statements.



## Liberation Programs, Inc. and Associated Organizations

### Consolidated Statement of Functional Expenses Year Ended June 30, 2021

	Program services		Supporting services			Consolidating Eliminations	Total
	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Management and general		Fundraising		
			Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Liberation Programs, Inc. and Associated Organizations		
Expenses							
Salaries	\$ 5,449,928	\$ 90,584	\$ 838,528	\$ -	\$ 111,059	\$ -	\$ 6,490,099
Employee benefits and payroll taxes	1,209,718	13,496	276,092	-	31,201	-	1,530,507
Total salaries and related expenses	6,659,646	104,080	1,114,620	-	142,260	-	8,020,606
Other expenses							
Contractual and professional services	197,749	27,609	167,474	-	25	(1,000)	391,857
Facilities and equipment rentals, repairs and taxes	445,370	72,036	429,039	-	3,281	-	949,726
Other rental expenses - Elmcrest Terrace	-	58,887	-	43,290	-	(42,000)	60,177
Utilities and communications	230,231	66,399	33,720	-	-	-	330,350
Supplies	605,582	6,844	78,895	-	15,927	-	707,248
General insurance	149,443	37,876	14,014	-	-	-	201,333
Other expenses	317,182	468	8,815	-	2,223	(2,795)	325,893
Provision for uncollectible accounts	21,950	17,610	-	-	-	-	39,560
Interest	128,668	42,290	-	-	-	(38)	170,920
In-kind expenses	28,001	-	-	-	-	-	28,001
Total other expenses	2,124,176	330,019	731,957	43,290	21,456	(45,833)	3,205,065
Total expenses before depreciation	8,783,822	434,099	1,846,577	43,290	163,716	(45,833)	11,225,671
Depreciation	322,678	184,692	28,036	-	-	-	535,406
Total expenses	\$ 9,106,500	\$ 618,791	\$ 1,874,613	\$ 43,290	\$ 163,716	\$ (45,833)	\$ 11,761,077

See Notes to Consolidated Financial Statements.

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

**Consolidated Statements of Changes in Net Assets**  
**Years Ended June 30, 2022 and 2021**

	Without donor restrictions	Non-controlling interest	Total
Net assets/equity, June 30, 2020	\$ 5,812,412	\$ 3,321,776	\$ 9,134,188
Changes in net assets	<u>919,091</u>	<u>(310,979)</u>	<u>608,112</u>
Net assets/equity, June 30, 2021	6,731,503	3,010,797	9,742,300
Changes in net assets	<u>(356,284)</u>	<u>(277,382)</u>	<u>(633,666)</u>
Net assets/equity, June 30, 2022	<u>\$ 6,375,219</u>	<u>\$ 2,733,415</u>	<u>\$ 9,108,634</u>

See Notes to Consolidated Financial Statements.

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

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Changes in net assets	\$ (633,666)	\$ 608,112
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	565,910	535,406
Unrealized gain on investments	(12,993)	(4,541)
Contribution - PPP	-	(1,030,600)
Amortization of financing fees	4,526	4,529
Amortization of tax credit monitoring fees	6,084	6,082
Deferred interest	25,130	21,569
Loss on sale of property and equipment	-	41,819
Provision for uncollectible accounts	-	39,560
Changes in		
Accounts receivable	37,628	117,767
Grants receivable	(63,397)	(210,959)
Other receivables	(5,518)	17,579
Prepaid expenses	(34,344)	93,345
Security and other deposits	83,899	296
Accounts payable and accrued expenses	114,906	46,406
Refundable advance - grants	(6,319)	9,231
	<u>81,846</u>	<u>295,601</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	-	510,000
Proceeds from sale of property and equipment	20,695	318,524
Capital expenditures	<u>(354,038)</u>	<u>(298,614)</u>
Net cash (used in) provided by investing activities	<u>(333,343)</u>	<u>529,910</u>
Cash flows from financing activities		
Principal payments on long-term debt	<u>(64,727)</u>	<u>(58,364)</u>
Net cash used in financing activities	<u>(64,727)</u>	<u>(58,364)</u>
Net cash (decrease) increase in cash	(316,224)	767,147
Cash, beginning	<u>2,432,590</u>	<u>1,665,443</u>
Cash, end	<u>\$ 2,116,366</u>	<u>\$ 2,432,590</u>
Supplemental disclosure of cash flows information		
Interest paid	<u>\$ 125,646</u>	<u>\$ 128,668</u>

See Notes to Consolidated Financial Statements.

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

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

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

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

##### **Consolidation policy**

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

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

##### **Basis of presentation**

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

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

*Net assets with donor restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor restrictions at June 30, 2022 and 2021.

##### **Contributions**

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

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

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

Unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the consolidated statements of activities as net assets released from restriction. Donor-restricted contributions whose conditions and restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

#### **Grants and contracts**

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

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

#### **Program service fees**

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

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services. The Organization

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

measures the performance obligation from the commencement of an encounter, to the point when it is no longer required to provide services to that patient, which is generally at the time of completion of the encounter.

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

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

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

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

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

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

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant for the years ended June 30, 2022 and 2021.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or by law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended June 30, 2022 and 2021, there was no additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years.

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

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

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

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

Based on the cost of patient services, charity care amounted to approximately \$700,000 and \$920,000, respectively, for the years ended June 30, 2022 and 2021.

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

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

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

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

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

The beginning and ending patient services receivable balances were as follows as of June 30, 2022 and 2021:

	2022	2021	2020
Accounts receivable, net	\$ 798,447	\$ 839,400	\$ 1,012,077

#### **Income taxes**

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

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

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

The Organization accounts for uncertainty in income taxes in accordance with the Income Tax Topic of the FASB ASC. The Organization files federal and State of Connecticut income tax returns, which represent the major tax jurisdictions of the Organization. Federal and state tax years 2019 through 2021 remain open for audit under the various statutes of limitations. The Organization does not believe there are any uncertain tax positions at June 30, 2022 and 2021.



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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

If applicable, the Organization would recognize interest and penalties associated with tax matters as part of management and general expenses in the consolidated statements of activities and include accrued interest and penalties in accrued expenses in the consolidated statements of financial position. The Organization did not recognize any interest and penalties associated with the tax matters for the years ended June 30, 2022 and 2021.

#### **Cash equivalents**

The Organization considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents. There were no cash equivalents at June 30, 2022 and 2021.

#### **Investments**

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

#### **Donated services**

Donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no donated services during the years ended June 30, 2022 and 2021.

#### **Property and equipment**

Property and equipment are recorded at cost, or in the case of donated assets at estimated fair value, at date of gift, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The title to certain equipment purchased with government grant funds is held by the grantor, although the Organization has capitalized and depreciated such equipment on its books. The Organization capitalizes all purchases of property and equipment whose cost exceeds \$5,000.

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

Costs totaling \$91,291 relating to obtaining low-income housing tax credits are being amortized on a straight-line basis over the mandatory 15-year compliance period. Accumulated amortization totals \$48,672 and \$42,588 at June 30, 2022 and 2021, respectively. Amortization expense for the each of the years ended June 30, 2022 and 2021 was \$6,084 and \$6,082, respectively.

#### **Compensated absences**

Employees of the Organization are entitled to paid vacations depending on job classification, length of service, and other factors. The liability for compensated absences at June 30, 2022 and 2021 was \$267,677 and \$253,934, respectively. Compensated absences are included in the accounts payable and accrued liabilities caption in the consolidated statements of financial position.

#### **Deferred financing costs**

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

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

#### **Rental income**

Rental income is recognized as rents become due. Rental payments received in advance will be deferred until earned. All leases between the Organization and the tenants of the property are operating leases.

#### **Functional expenses**

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs, contracts or administrative functions of the Organization. Those expenses include personnel costs (salaries, taxes and benefits) and occupancy costs. Personnel costs are allocated by employee based on time and effort. Occupancy costs are allocated based on square footage occupied for a program.

#### **Reclassifications**

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

#### **Use of estimates**

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

#### **Subsequent events**

Management has reviewed subsequent events through January 11, 2023, which is the date the consolidated financial statements were approved and available for issuance.

### **Note 3 - Liquidity**

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022 and 2021, the Organization has financial assets available to meet annual operating needs for fiscal year 2022 and 2021 as follows:

	2022	2021
Cash	\$ 2,116,366	\$ 2,432,590
Accounts receivable, net	818,195	855,823
Grants receivable	367,225	303,828
Other receivables	73,412	67,894
	<hr/>	<hr/>
Total	<u>\$ 3,375,198</u>	<u>\$ 3,660,135</u>

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

In addition, the Organization has a line of credit available up to \$300,000 that can be drawn upon if necessary to meet operational activities (see Note 8). On August 22, 2022, the line of credit was increased to \$1,000,000.

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

**Notes to Consolidated Financial Statements  
June 30, 2022 and 2021**

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

The composition of patient services revenue by primary payor for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Medicaid	\$ 4,151,904	\$ 4,015,625
Medicare	554,333	215,953
Private pay	144,422	203,386
Commercial	497,955	737,064
DMHAS-SAGA	762,198	956,515
Medicare Advantage	<u>1,001,641</u>	<u>-</u>
	<u><u>\$ 7,112,453</u></u>	<u><u>\$ 6,128,543</u></u>

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

Patient services receivable consist of amounts due from governmental programs, commercial insurance companies, other group insurance programs and private pay patients. Net patient services receivable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Medicaid	\$ 238,384	\$ 212,298
Medicare	14,268	70,766
Private Pay	210,525	185,761
Commercial	323,235	282,118
DMHAS-SAGA	<u>12,035</u>	<u>88,457</u>
	<u><u>\$ 798,447</u></u>	<u><u>\$ 839,400</u></u>

The Organization's concentration of credit risk relating to patient services receivables primarily relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but the patient responsibility amounts remain outstanding. The Organization had no write-offs during the years ended June 30, 2022 and 2021, respectively.

# Liberation Programs, Inc. and Associated Organizations

## Notes to Consolidated Financial Statements June 30, 2022 and 2021

### Note 5 - Property and equipment

At June 30, 2022 and 2021, property and equipment consisted of the following:

	<u>Depreciable lives</u>	<u>2022</u>	<u>2021</u>
Land	N/A	\$ 1,282,203	\$ 1,282,203
Building and improvements	10 - 40 years	16,457,146	16,091,313
Furniture, fixtures and equipment	3 - 10 years	1,752,016	1,752,716
Vehicles	5 years	<u>354,796</u>	<u>355,085</u>
		19,846,161	19,481,317
Less accumulated depreciation		<u>(8,255,888)</u>	<u>(7,712,020)</u>
		11,590,273	11,769,297
Construction in progress	N/A	<u>-</u>	<u>53,543</u>
Total		<u><u>\$ 11,590,273</u></u>	<u><u>\$ 11,822,840</u></u>

### Note 6 - Investments

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3"). The three levels of the fair value hierarchy under FASB Accounting Standards Codification 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**Notes to Consolidated Financial Statements  
June 30, 2022 and 2021**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Organization holds investments that are primarily made up of equity securities which are considered Level 1 investments. Level 1 investments are investments for which inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. The value of the Organization's investments at June 30, 2022 and 2021 was \$38,477 and \$25,484, respectively.

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

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

**Notes to Consolidated Financial Statements  
June 30, 2022 and 2021**

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

	<u>2022</u>	<u>2021</u>
Mortgage note, net of unamortized debt issuance costs of \$19,992 and \$23,573 as of June 30, 2022 and 2021, respectively, secured by property at 115-125 Main Street, Stamford, CT, which has an approximate net book value of \$703,000 at June 30, 2022. Due in aggregate monthly installments of principal and interest of \$8,217 at an interest rate of 4.97% through February 2043.	\$ 1,264,241	\$ 1,298,206
Construction mortgage which allows for draws up to \$1,300,000. Monthly payments of interest-only at 4.97% were due and payable on the first date of each month, commencing March 1, 2018 to and including February 1, 2020. Commencing on March 1, 2020, principal and interest is payable in equal monthly installments until the maturity date of February 1, 2045. This mortgage is secured by the building at 399-419 Mill Hill Avenue in Bridgeport, Connecticut which has an approximate net book value of \$2,929,600 at June 30, 2022.	1,195,417	1,223,190
Elmcrest Terrace Limited Partnership obtained a loan in the principal amount of \$2,043,320, which bears interest at 1%, compounded annually and payable at maturity on April 1, 2065, net of unamortized loan issuance costs of \$40,657 and \$41,602 as of June 30, 2022 and 2021, respectively. The loan is secured by the underlying property which has a net book value of \$6,352,000 at June 30, 2022.	<u>2,229,088</u>	<u>2,206,947</u>
	4,688,746	4,728,343
Unamortized debt issuance costs	60,649	65,175
Less current portion	<u>64,960</u>	<u>61,794</u>
	<u>\$ 4,563,137</u>	<u>\$ 4,601,374</u>

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

The scheduled principal payments for the mortgage and notes payable for the five years subsequent to June 30, 2022 and thereafter are as follows:

2023	\$	64,960
2024		68,121
2025		71,873
2026		75,458
2027		82,822
Thereafter		<u>4,325,512</u>
Total	\$	<u><u>4,688,746</u></u>

#### **Note 8 - Line of credit**

In January 2018, the Organization obtained a \$300,000 line of credit. The line is secured by all business assets of the Organization. Interest is computed at Prime plus 1% (effective rate - 5.75% at June 30, 2022). There were no borrowings at June 30, 2022 and 2021. On August 22, 2022, the line of credit was increased to \$1,000,000.

#### **Note 9 - Paycheck Protection Program**

During 2020, the Organization was granted a \$1,030,600 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. On December 4, 2020, the Organization received full forgiveness of the loan by the SBA. The Organization recognized \$1,030,600 of revenue as a contribution during the year ended June 30, 2021.

#### **Note 10 - Leases**

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

2023	\$	134,892
2024		91,796
2025		78,488
2026		80,843
2027		<u>54,962</u>
	\$	<u><u>440,981</u></u>

Rent expense under operating leases for the years ended June 30, 2022 and 2021 was \$261,385 and \$293,271, respectively.

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

### **Notes to Consolidated Financial Statements June 30, 2022 and 2021**

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

The Organization sponsors a 401(k) plan for substantially all of its employees. Contributions to the plan are computed as a percentage of eligible employees' basic compensation. Eligible employees may make voluntary contributions to the Plan. Employer contributions and administrative costs charged to expense amounted to \$96,912 and \$78,165 for the years ended June 30, 2022 and 2021, respectively.

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

Cash and cash equivalents include all cash balances and all highly liquid investments purchased with a maturity of three months or less when acquired. There were no cash equivalents at June 30, 2022 and 2021. The Organization places its temporary cash balances with federally insured financial institutions. At times, such balances may exceed federally-insured limits.

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

Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions can result in the return of funds to grantors causing unexpended refundable grants. Grant requirements mandate that a percentage of any surplus be returned to the grantors. There were no funds required to be returned to any grantors at June 30, 2022 and 2021. Additionally, DMHAS places certain restrictions on the disposition of assets purchased with funds provided by DMHAS.

Elmcrest Terrace Supportive Housing, LLC, as the general partner of Elmcrest Terrace Limited Partnership, is obligated to fund operating deficits of the Partnership through additional capital contributions up to \$159,000. Operating deficit contributions are payable from cash flow without interest. The guarantee period begins upon rent up stabilization date, which occurred during 2015, and is in effect through approximately 15 years thereafter. There was no requirement to make additional contributions during 2022 and 2021.

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

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

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



## **Supplementary Information**

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

**Consolidating Statement of Financial Position**

**June 30, 2022**

	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
<u>Assets</u>				
Current assets				
Cash	\$ 2,117,407	\$ (1,041)	\$ -	\$ 2,116,366
Accounts receivable, net	798,447	19,748	-	818,195
Grants receivable	367,225	-	-	367,225
Other receivables	113,319	(3,208)	(36,699)	73,412
Prepaid expenses	94,280	9,695	-	103,975
	<u>3,490,678</u>	<u>25,194</u>	<u>(36,699)</u>	<u>3,479,173</u>
Total current assets				
Property and equipment, net	<u>5,257,153</u>	<u>6,333,120</u>	<u>-</u>	<u>11,590,273</u>
Other assets				
Note receivable	477,000	-	(477,000)	-
Investment in limited liability company	789,349	-	(789,349)	-
Investments	38,477	-	-	38,477
Security and other deposits	7,250	136,865	-	144,115
Tax credit monitoring fees, net of \$48,672	-	42,619	-	42,619
	<u>1,312,076</u>	<u>179,484</u>	<u>(1,266,349)</u>	<u>225,211</u>
Total other assets				
Total assets	<u><u>\$ 10,059,907</u></u>	<u><u>\$ 6,537,798</u></u>	<u><u>\$ (1,303,048)</u></u>	<u><u>\$ 15,294,657</u></u>

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

**Consolidating Statement of Financial Position**

**June 30, 2022**

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
<u>Liabilities and Net Assets/Equity</u>				
Current liabilities				
Notes payable - current portion	\$ 64,960	\$ -	\$ -	\$ 64,960
Refundable advance - grants	20,996	-	-	20,996
Accounts payable and accrued liabilities	1,224,026	349,603	(36,699)	1,536,930
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	1,309,982	349,603	(36,699)	1,622,886
	<hr/>	<hr/>	<hr/>	<hr/>
Notes payable, net	2,374,706	2,665,431	(477,000)	4,563,137
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	3,684,688	3,015,034	(513,699)	6,186,023
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/equity				
Without donor restrictions	6,375,219	-	-	6,375,219
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liberation Programs, Inc. and Associated Organizations net assets	6,375,219	-	-	6,375,219
	<hr/>	<hr/>	<hr/>	<hr/>
Controlling interest	-	789,349	(789,349)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Non-controlling interest	-	2,733,415	-	2,733,415
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets/equity	6,375,219	3,522,764	(789,349)	9,108,634
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets/equity	\$ 10,059,907	\$ 6,537,798	\$ (1,303,048)	\$ 15,294,657
	<hr/>	<hr/>	<hr/>	<hr/>

See Independent Auditor's Report.

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

**Consolidating Statement of Financial Position**

**June 30, 2021**

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
<u>Assets</u>				
Current assets				
Cash	\$ 2,431,031	\$ 1,559	\$ -	\$ 2,432,590
Accounts receivable, net	839,400	16,423	-	855,823
Grants receivable	303,828	-	-	303,828
Other receivables	84,500	11,626	(28,232)	67,894
Prepaid expenses	67,359	2,272	-	69,631
Total current assets	3,726,118	31,880	(28,232)	3,729,766
Property and equipment, net	5,285,963	6,536,877	-	11,822,840
Other assets				
Note receivable	477,000	-	(477,000)	-
Investment in limited liability company	797,092	-	(797,092)	-
Investments	25,484	-	-	25,484
Security and other deposits	20,750	207,264	-	228,014
Tax credit monitoring fees, net of \$42,588	-	48,703	-	48,703
Total other assets	1,320,326	255,967	(1,274,092)	302,201
Total assets	\$ 10,332,407	\$ 6,824,724	\$ (1,302,324)	\$ 15,854,807

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

**Consolidating Statement of Financial Position**

**June 30, 2021**

	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
<u>Liabilities and Net Assets/Equity</u>				
Current liabilities				
Notes payable - current portion	\$ 61,794	\$ -	\$ -	\$ 61,794
Refundable advance - grants	27,315	-	-	27,315
Accounts payable and accrued liabilities	<u>1,075,940</u>	<u>374,316</u>	<u>(28,232)</u>	<u>1,422,024</u>
Total current liabilities	1,165,049	374,316	(28,232)	1,511,133
Notes payable, net	<u>2,435,855</u>	<u>2,642,519</u>	<u>(477,000)</u>	<u>4,601,374</u>
Total liabilities	<u>3,600,904</u>	<u>3,016,835</u>	<u>(505,232)</u>	<u>6,112,507</u>
Net assets/equity				
Without donor restrictions	<u>6,731,503</u>	<u>-</u>	<u>-</u>	<u>6,731,503</u>
Total Liberation Programs, Inc. and Associated Organizations net assets	6,731,503	-	-	6,731,503
Controlling interest	-	797,092	(797,092)	-
Non-controlling interest	<u>-</u>	<u>3,010,797</u>	<u>-</u>	<u>3,010,797</u>
Total net assets/equity	<u>6,731,503</u>	<u>3,807,889</u>	<u>(797,092)</u>	<u>9,742,300</u>
Total liabilities and net assets/equity	<u><u>\$ 10,332,407</u></u>	<u><u>\$ 6,824,724</u></u>	<u><u>\$ (1,302,324)</u></u>	<u><u>\$ 15,854,807</u></u>

See Independent Auditor's Report.

# Liberation Programs, Inc. and Associated Organizations

## Consolidating Statement of Activities Year Ended June 30, 2022

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
Revenues without donor restrictions and other support				
Net patient service revenue	\$ 7,112,453	\$ -	\$ -	\$ 7,112,453
DMHAS grant	3,109,992	-	-	3,109,992
Other federal and state funding	847,171	-	-	847,171
Municipal grants	183,149	-	-	183,149
United Way contributions	54,558	-	-	54,558
Other contributions	178,751	-	-	178,751
Special events	221,745	-	-	221,745
Rental income	-	332,939	-	332,939
Other income	60,126	1,532	(42,000)	19,658
	<u>11,767,945</u>	<u>334,471</u>	<u>(42,000)</u>	<u>12,060,416</u>
Total revenues without donor restrictions and other support				
Expenses				
Program services	9,159,451	404,949	(49,743)	9,514,657
Management and general	2,355,030	14,656	-	2,369,686
Fundraising	243,829	-	-	243,829
Depreciation	365,919	199,991	-	565,910
	<u>12,124,229</u>	<u>619,596</u>	<u>(49,743)</u>	<u>12,694,082</u>
Total expenses				
Operating income (loss)	<u>(356,284)</u>	<u>(285,125)</u>	<u>7,743</u>	<u>(633,666)</u>
Changes in net assets	<u>\$ (356,284)</u>	<u>\$ (285,125)</u>	<u>\$ 7,743</u>	<u>\$ (633,666)</u>

See Independent Auditor's Report.

# Liberation Programs, Inc. and Associated Organizations

## Consolidating Statement of Activities Year Ended June 30, 2021

	Liberation Programs, Inc. and Associated Organizations	Elmcrest Terrace Supportive Housing, LLC and Subsidiary	Consolidating Eliminations	Total
Revenues without donor restrictions and other support				
Net patient service revenue	\$ 6,128,543	\$ -	\$ -	\$ 6,128,543
DMHAS grant	2,895,048	-	-	2,895,048
Other federal and state funding	1,114,672	-	-	1,114,672
	1,030,600	-	-	1,030,600
Municipal grants	187,465	-	-	187,465
United Way contributions	52,461	-	-	52,461
Other contributions	363,631	-	-	363,631
Special events	242,995	-	-	242,995
In-kind contributions	28,001	-	-	28,001
Rental income	-	345,709	-	345,709
Other income	62,323	1,560	(42,000)	21,883
	<u>12,105,739</u>	<u>347,269</u>	<u>(42,000)</u>	<u>12,411,008</u>
Total revenues without donor restrictions and other support				
Expenses				
Program services	8,783,822	434,099	(45,833)	9,172,088
Management and general	1,846,577	43,290	-	1,889,867
Fundraising	163,716	-	-	163,716
Depreciation	350,714	184,692	-	535,406
	<u>11,144,829</u>	<u>662,081</u>	<u>(45,833)</u>	<u>11,761,077</u>
Total expenses				
Operating income (loss)	<u>960,910</u>	<u>(314,812)</u>	<u>3,833</u>	<u>649,931</u>
Nonoperating activity				
Loss on sale of property and equipment	<u>(41,819)</u>	<u>-</u>	<u>-</u>	<u>(41,819)</u>
	<u>(41,819)</u>	<u>-</u>	<u>-</u>	<u>(41,819)</u>
Total nonoperating activity				
Changes in net assets	<u>\$ 919,091</u>	<u>\$ (314,812)</u>	<u>\$ 3,833</u>	<u>\$ 608,112</u>

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

## **Consolidating Statements of Changes in Net Assets Years Ended June 30, 2022 and 2021**

	<u>Liberation Programs, Inc. and Associated Organizations</u>	<u>Elmcrest Terrace Supportive Housing, LLC</u>	<u>Elmcrest Terrace Controlling</u>	<u>Limited Partnership Non-controlling</u>	<u>Total Elmcrest Terrace Limited Partnership</u>		<u>Elmcrest Terrace Supportive Housing, LLC and Subsidiary</u>		
	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Without donor restrictions</u>	<u>Consolidating eliminations</u>	<u>Total</u>	<u>Consolidating Eliminations</u>	<u>Total</u>
Net assets/equity, June 30, 2020	\$ 5,812,412	\$ 800,925	\$ 810,511	\$ 3,312,190	\$ 4,122,701	\$ (800,925)	\$ 4,122,701	\$ (800,925)	\$ 9,134,188
Changes in net assets	<u>919,091</u>	<u>(3,833)</u>	<u>(31)</u>	<u>(314,781)</u>	<u>(314,812)</u>	<u>3,833</u>	<u>(314,812)</u>	<u>3,833</u>	<u>608,112</u>
Net assets/equity, June 30, 2021	6,731,503	797,092	810,480	2,997,409	3,807,889	(797,092)	3,807,889	(797,092)	9,742,300
Changes in net assets	<u>(356,284)</u>	<u>(7,743)</u>	<u>(29)</u>	<u>(285,096)</u>	<u>(285,125)</u>	<u>7,743</u>	<u>(285,125)</u>	<u>7,743</u>	<u>(633,666)</u>
Net assets/equity, June 30, 2022	<u>\$ 6,375,219</u>	<u>\$ 789,349</u>	<u>\$ 810,451</u>	<u>\$ 2,712,313</u>	<u>\$ 3,522,764</u>	<u>\$ (789,349)</u>	<u>\$ 3,522,764</u>	<u>\$ (789,349)</u>	<u>\$ 9,108,634</u>

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